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*(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)**

**(1) CONNECTED TRANSACTION – COMPLETION OF THE PROPOSED  
ACQUISITION OF PCCW MEDIA LIMITED,  
OPERATOR OF THE “NOW TV” BUSINESS  
(2) CONTINUING CONNECTED TRANSACTIONS WITH  
THE PCCW GROUP**

Reference is made to the announcement made by the Trustee-Manager and the Company on August 6, 2020 in relation to the proposed acquisition of the entire issued share capital of PCCW Media by HKT Interactive Media, an indirect wholly-owned subsidiary of the Company, from PCCW Interactive Media, an indirect wholly-owned subsidiary of PCCW, for a consideration of US\$250 million (or HK\$1,950 million based on the Agreed Exchange Rate).

The Trustee-Manager and the Company are pleased to announce that completion of the Proposed Acquisition took place on September 30, 2020 in accordance with the terms of the Share Purchase Agreement. Upon completion, PCCW Media became an indirect wholly-owned subsidiary of the Company.

Reference is also made to the 2019 Announcement made by the Trustee-Manager and the Company in respect of continuing connected transactions between the HKT Group and the PCCW Group for the three years ending December 31, 2022. As disclosed in the announcement made by the Trustee-Manager and the Company on August 6, 2020, one condition precedent which completion of the Proposed Acquisition is subject to is the entering into of relevant service agreements between relevant members of the HKT Group and the PCCW Group. Accordingly, relevant members of the HKT Group and the PCCW Group entered into a number of agreements on September 30, 2020 as detailed below with effect from the date of completion of the Proposed Acquisition.

PCCW is the controlling holder of the Share Stapled Units. Accordingly, the PCCW Group is a connected person of the HKT Trust and the Company under the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps, in each case (or on an aggregated basis as described in the 2019 Announcement and this announcement), of the continuing connected transactions between the PCCW Group and the HKT Group, which are categorized according to the providers of the relevant service, exceed 0.1% but are less than 5%, the continuing connected transactions between the PCCW Group and the HKT Group as announced in the 2019 Announcement and this announcement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## COMPLETION OF THE PROPOSED ACQUISITION OF PCCW MEDIA LIMITED

Reference is made to the announcement made by the Trustee-Manager and the Company on August 6, 2020 in relation to the proposed acquisition of the entire issued share capital of PCCW Media by HKT Interactive Media, an indirect wholly-owned subsidiary of the Company, from PCCW Interactive Media, an indirect wholly-owned subsidiary of PCCW, for a consideration of US\$250 million (or HK\$1,950 million based on the Agreed Exchange Rate). PCCW Media, together with its subsidiaries and joint venture, operates the “Now TV” business, a leading pay-television service provider in Hong Kong, offering a wide range of local and international content through linear TV channels, on-demand and apps.

The Trustee-Manager and the Company are pleased to announce that completion of the Proposed Acquisition took place on September 30, 2020 in accordance with the terms of the Share Purchase Agreement. Upon completion, PCCW Media became an indirect wholly-owned subsidiary of the Company.

## CHANGES TO THE CONTINUING CONNECTED TRANSACTIONS WITH THE PCCW GROUP

Reference is made to the 2019 Announcement made by the Trustee-Manager and the Company in respect of continuing connected transactions between the HKT Group and the PCCW Group for the three years ending December 31, 2022. As disclosed in the announcement made by the Trustee-Manager and the Company on August 6, 2020, one condition precedent which completion of the Proposed Acquisition is subject to is the entering into of relevant service agreements between relevant members of the HKT Group and the PCCW Group. Accordingly, relevant members of the HKT Group and the PCCW Group entered into a number of agreements on September 30, 2020 as detailed below with effect from the date of completion of the Proposed Acquisition.

### PRINCIPAL TERMS OF THE AGREEMENTS

#### *1. Products and services and floor space supplied by the HKT Group to the PCCW Media Holdings Group*

##### **(a) Content provision arrangements**

Date of Content Services Agreement : September 30, 2020

Parties : (a) PCCW Media and (b) PCCW Media Holdings

Term : September 30, 2020 to December 31, 2022

On September 30, 2020, PCCW Media and PCCW Media Holdings entered into the Content Services Agreement pursuant to which PCCW Media has agreed to provide or procure the provision of media content supply, management and production support services to the PCCW Media Holdings Group for distribution through its various platforms. This is a reciprocal arrangement to the media content services agreement between HK Telecom and PCCW Media (as novated to PCCW Media Holdings as detailed in the section headed “2. *Novation of existing continuing connected transaction agreements*” of this announcement below) under which the PCCW Media Holdings Group provides media content services to the HKT Group, details of which were disclosed in the 2019 Announcement.

Under the Content Services Agreement, the HKT Group supplies various categories of content to the PCCW Media Holdings Group for distribution through its various platforms, and recharges the PCCW Media Holdings Group at market rate which is to be ascertained with reference to the rate which the HKT Group normally charges unconnected parties for comparable services and products or in lack of which, the rate which other unconnected suppliers would charge for comparable services and products.

The annual caps for 2020 to 2022 for the transactions under the Content Services Agreement are set out below, which were determined based on the historical transaction amounts for the similar content services provided by PCCW Media to the PCCW Media Holdings Group prior to the completion of the Proposed Acquisition (which amounted to approximately HK\$48.1 million for the year ended December 31, 2019 and approximately HK\$32.1 million for the six months ended June 30, 2020) and the anticipated growth in demand of such content services for the years of 2020 to 2022.

	For the year ending December 31,		
	<u>2020</u>	<u>2021</u>	<u>2022</u>
Proposed annual caps (HK\$ million)	50.0	120.0	120.0

**(b) Licensed access to floor space**

Date of New Licence Agreement : September 30, 2020

Parties : (a) PCCW Media and (b) PCCW Media Holdings

Term : September 30, 2020 to December 31, 2022

On September 30, 2020, the New Licence Agreement was entered into between PCCW Media and PCCW Media Holdings pursuant to which PCCW Media agrees to grant to members of the PCCW Media Holdings Group certain limited rights of access to and use of certain floor space. The licence and related fees are charged based on the area used by the PCCW Media Holdings Group and, if applicable, in proportion to the total floor space leased by PCCW Media on a pro-rata basis.

Nature of the transactions under the New Licence Agreement is similar to the transactions under the Existing Licence Agreement. In view of such similarity, the transaction amounts (including the licence and related fees received) under the New Licence Agreement and the Existing Licence Agreement are aggregated for the purpose of compliance with the applicable requirements under Chapter 14A of the Listing Rules with aggregate annual caps set out below. As a result, the annual caps for the Existing Licence Agreement as disclosed in the 2019 Announcement are replaced by the new aggregate annual caps for the transactions under the New Licence Agreement and the Existing Licence Agreement as set out below. Such new aggregate annual caps were determined based on the historical transaction amounts for similar licence arrangements between PCCW Media and the PCCW Media Holdings Group prior to the completion of the Proposed Acquisition (which amounted to approximately HK\$45.2 million for the year ended December 31, 2019 and approximately HK\$22.1 million for the six months ended June 30, 2020), the historical transaction amounts under the Existing Licence Agreement (which amounted to approximately HK\$0.7 million for the year ended December 31, 2019 and approximately HK\$0.3 million for the six months ended June 30, 2020, excluding transaction amounts in respect of PCCW Media) and the anticipated demand of the PCCW Media Holdings Group for the use of the floor space of the HKT Group under both licence agreements for the years of 2020 to 2022.

	For the year ending December 31,		
	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual caps for the Existing Licence Agreement as disclosed in the 2019 Announcement (HK\$ million)	4.0	4.0	4.0
New aggregate annual caps for the Existing Licence Agreement and the New Licence Agreement (HK\$ million)	30.0	55.0	65.0

## ***2. Novation of existing continuing connected transaction agreements***

As disclosed in the 2019 Announcement, the Novated Agreements in respect of the continuing connected transactions between the PCCW Group and the HKT Group were entered into by PCCW Media as a member of the PCCW Group. Upon the completion of the Proposed Acquisition, PCCW Media became a member of the HKT Group. Therefore, on September 30, 2020, PCCW Media and PCCW Media Holdings entered into novation agreements with HK Telecom and HKTC respectively pursuant to which all rights and obligations of PCCW Media under the Novated Agreements were novated by PCCW Media to PCCW Media Holdings. Apart from the assumption by PCCW Media Holdings of all the rights and obligations of PCCW Media in the Novated Agreements, there is no amendment to the Novated Agreements and the terms of the Novated Agreements as disclosed in the 2019 Announcement continue to apply.

## **REASONS FOR ENTERING INTO THE AGREEMENTS**

The Directors believe that the entering into of the Agreements and the continuing connected transactions contemplated thereunder are necessary to ensure the continued and uninterrupted operations of PCCW Media, as part of the HKT Group after the completion of the Proposed Acquisition, and the PCCW Media Holdings Group.

The Directors (including the independent non-executive Directors) consider that the Agreements and the continuing connected transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the HKT Group and that the terms thereof and the annual caps disclosed in this announcement are fair and reasonable and in the interests of the HKT Trust and the Company and the holders of the Share Stapled Units as a whole.

As no Director has any material interest in the Agreements and the continuing connected transactions contemplated thereunder, none of the Directors have abstained from voting on the resolutions of the respective Boards approving them.

## **LISTING RULES IMPLICATIONS**

PCCW is the controlling holder of the Share Stapled Units. Accordingly, the PCCW Group is a connected person of the HKT Trust and the Company under the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps, in each case (or on an aggregated basis as described in the 2019 Announcement and this announcement), of the continuing connected transactions between the PCCW Group and the HKT Group, which are categorized according to the providers of the relevant service, exceed 0.1% but are less than 5%, the continuing connected transactions between the PCCW Group and the HKT Group as announced in the 2019 Announcement and this announcement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## GENERAL

The HKT Trust, a trust constituted on November 7, 2011 under the laws of Hong Kong and managed by the Trustee-Manager, has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for or in connection with investing in the Company.

The principal activities of the HKT Group are the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers. It operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world.

The principal activities of the PCCW Group (including the HKT Group) are the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers; the provision of interactive pay-TV services, over-the-top (OTT) digital media entertainment services in Hong Kong, the Asia Pacific region, and other parts of the world; investments in, and development of, systems integration, network engineering, and information technology-related businesses; and development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

<b>“2019 Announcement”</b>	the announcement of the Trustee-Manager and the Company dated July 18, 2019 in relation to the continuing connected transactions between the HKT Group and the PCCW Group
<b>“Agreed Exchange Rate”</b>	the exchange rate of US\$1 = HK\$7.8 as agreed between PCCW Interactive Media and HKT Interactive Media for the Proposed Acquisition
<b>“Agreements”</b>	the Content Services Agreement, the New Licence Agreement and the Novation Agreements
<b>“Boards”</b>	the boards of directors of the Company and the Trustee-Manager
<b>“Company” or “HKT”</b>	HKT Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong, and having its Share Stapled Units jointly issued with the HKT Trust listed on the main board of the Stock Exchange (Stock Code: 6823)
<b>“connected person”</b>	has the meaning ascribed to it in the Listing Rules

<b>“Content Services Agreement”</b>	the media content services agreement dated September 30, 2020 between PCCW Media and PCCW Media Holdings as disclosed in this announcement
<b>“Directors”</b>	the directors of the Company and the Trustee-Manager
<b>“Existing Licence Agreement”</b>	the licence agreement dated July 18, 2019 between HKTC and PCCW Media (subsequently novated to PCCW Media Holdings on September 30, 2020 as disclosed in this announcement) in respect of the licence of premises of HKTC as disclosed in the 2019 Announcement
<b>“HK Telecom”</b>	Hong Kong Telecommunications (HKT) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“HKT Group”</b>	the Company and its subsidiaries
<b>“HKT Interactive Media”</b>	HKT Interactive Media Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
<b>“HKT Trust”</b>	a trust constituted on November 7, 2011 under the laws of Hong Kong and managed by the Trustee-Manager, and having its Share Stapped Units jointly issued with the Company listed on the main board of the Stock Exchange (Stock Code: 6823)
<b>“HKTC”</b>	PCCW-HKT Telephone Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“New Licence Agreement”</b>	the licence agreement dated September 30, 2020 between PCCW Media and PCCW Media Holdings as disclosed in this announcement

**“Novated Agreements”**

the Existing Licence Agreement and the following agreements between PCCW Media and HK Telecom dated July 18, 2019 as disclosed in the 2019 Announcement:

- (a) Carriage services agreement for the provision by the HKT Group to the PCCW Media Holdings Group of carriage services
- (b) Marketing and sales services agreement for the provision by the HKT Group to the PCCW Media Holdings Group of marketing and sales services
- (c) Internal (specialist telecom) services agreement for the provision by the HKT Group to the PCCW Media Holdings Group of a range of specialized support services
- (d) Customer premises equipment (CPE) services agreement for the provision by the HKT Group to the PCCW Media Holdings Group of customer premises equipment and solutions, network connectivity relocation and set-up and other related services
- (e) Service and product packaging agreement in respect of the mutual commitment of the HKT Group and the PCCW Media Holdings Group to package their respective products and services and for the PCCW Media Holdings Group to provide customers of the HKT Group with certain services and products
- (f) Marketing and sales services agreement for the provision by the PCCW Media Holdings Group to the HKT Group of marketing and sales services
- (g) Media content services agreement for the provision by the PCCW Media Holdings Group to the HKT Group of content management and production support services

**“Novation Agreements”**

the two novation agreements dated September 30, 2020 entered into by PCCW Media and PCCW Media Holdings with HK Telecom and HKTC respectively for the novation by PCCW Media to PCCW Media Holdings of all rights and obligations under the Novated Agreements as disclosed in this announcement

<b>“PCCW”</b>	PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 0008) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States of America (ticker: PCCWY), which is indirectly holding approximately 51.94% of the total number of Share Stapled Units in issue as at the date of this announcement
<b>“PCCW Group”</b>	PCCW and its subsidiaries (excluding the HKT Group for the purpose of this announcement)
<b>“PCCW Interactive Media”</b>	PCCW Interactive Media Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW
<b>“PCCW Media”</b>	PCCW Media Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company upon the completion of the Proposed Acquisition
<b>“PCCW Media Holdings”</b>	PCCW Media Holdings Limited, a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of PCCW
<b>“PCCW Media Holdings Group”</b>	PCCW Media Holdings and its subsidiaries, either under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) or the Listing Rules
<b>“Proposed Acquisition”</b>	the proposed acquisition by HKT Interactive Media of the entire issued share capital of PCCW Media from PCCW Interactive Media, details of which were disclosed in the announcement issued by the Trustee-Manager and the Company dated August 6, 2020
<b>“Share Purchase Agreement”</b>	the share purchase agreement in relation to the Proposed Acquisition entered into between PCCW Interactive Media as seller and HKT Interactive Media as purchaser on August 6, 2020
<b>“Share Stapled Units”</b>	the share stapled units of the HKT Trust and the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Trustee-Manager”</b>	HKT Management Limited (a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW), in its capacity as the trustee-manager of the HKT Trust



“US\$”

United States dollars, the lawful currency of the  
United States of America

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

Hong Kong, September 30, 2020

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

*Executive Directors:*

Li Tzar Kai, Richard (*Executive Chairman*) and Hui Hon Hing, Susanna (*Group Managing Director*)

*Non-Executive Directors:*

Peter Anthony Allen; Chung Cho Yee, Mico; Li Fushen; Zhu Kebing and  
Srinivas Bangalore Gangaiah (aka BG Srinivas)

*Independent Non-Executive Directors:*

Professor Chang Hsin Kang, <sup>FREng, GBS, JP</sup>; Sunil Varma; Aman Mehta and Frances Waikwun Wong