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PCCW Limited

電訊盈科有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 0008)

CONNECTED TRANSACTION

TREASURY INVESTMENT IN FIXED INCOME NOTES

TREASURY INVESTMENT IN FIXED INCOME NOTES

On August 23, 2021, the Purchaser (a wholly-owned subsidiary of the Company) invested US\$85 million (equivalent to approximately HK\$663 million) in principal amount of the Notes, at 100.00% of their principal amount, issued by the Issuer pursuant to the Note Offering.

LISTING RULES IMPLICATIONS

The Issuer and the Guarantor in respect of the Notes are associates of Mr. Li, who is a connected person of the Company, under Chapter 14A of the Listing Rules. The Investment is, therefore, a connected transaction for the Company under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Investment exceeds 0.1% but all the applicable percentage ratios are less than 5%. Accordingly, the Investment is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

TREASURY INVESTMENT IN FIXED INCOME NOTES

On August 23, 2021, the Purchaser (a wholly-owned subsidiary of the Company) invested US\$85 million (equivalent to approximately HK\$663 million) in principal amount of the Notes, at 100.00% of their principal amount, issued by the Issuer pursuant to the Note Offering, for an aggregate price of US\$85 million (equivalent to approximately HK\$663 million) payable in full in cash. The Investment was funded by the Group from its internal resources.

The price paid for the Notes by the Purchaser is the same as, and has been determined on the basis of, the issue price for the Notes under the Note Offering payable by the other investors purchasing the Notes under the Note Offering. The issue price was determined in accordance with the demand for the Notes under the Note Offering, which has been coordinated and managed by the Joint Lead

Managers.

SUMMARY OF KEY TERMS OF THE NOTES

Issuer	PCGI Intermediate Holdings (III) Limited.
Guarantor	PCGI Holdings Limited.
Total size of the Note Offering	US\$225,000,000 (equivalent to approximately HK\$1,755 million) in principal amount of the Notes.
Issue price under the Note Offering	100.00% of the principal amount.
Issue Date	August 23, 2021.
Maturity Date	August 23, 2026.
Interest	4.50% per annum from, and including, the Issue Date until the Maturity Date, payable semi-annually in arrear on February 23 and August 23 in each year, commencing on February 23, 2022.
Status of the Notes and the guarantee	The Notes are general, unsubordinated and, subject to a negative pledge provision in the terms and conditions of the Notes, unsecured obligations of the Issuer. The guarantee by the Guarantor of the due and punctual payment of all sums payable by the Issuer in respect of the Notes is a general, unsubordinated and unsecured obligation of the Guarantor.
Redemption at the option of the Issuer	The Issuer may redeem the Notes, in whole but not in part, (1) at any time prior to August 23, 2024, at the Make Whole Redemption Price together with accrued but unpaid interest to the date fixed for redemption, or (2) at any time on or following August 23, 2024, at the applicable Call Option Redemption Price together with accrued but unpaid interest to the date fixed for redemption.
Redemption upon a Change of Control	A Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all, but not some only, of such Noteholder's Notes at 101% of their principal amount together with accrued unpaid interest up to, but excluding the date fixed for, redemption following the occurrence of a Change of Control.

Listing

The Notes have been listed on the Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules) only.

REASONS FOR AND BENEFITS OF THE TREASURY INVESTMENT IN FIXED INCOME NOTES

The Company continues to optimize the use of its financial resources. The Company regularly reviews its funding requirement and manages the cost of carry by deploying surplus funds in liquid assets before alternative use of capital is identified. The Note Offering represents an opportunity for the Company to make more efficient use of its current financial resources by investing in a fixed income asset which carries a steady and reasonably attractive yield.

The Notes are listed on the Stock Exchange. The listing enhances the marketability of the Notes and provides an established trading platform for the Company to proactively manage its investment in the Notes in the interests of the Company and its shareholders.

The independent non-executive directors of the Company consider that: (i) the terms of the Investment are fair and reasonable; (ii) the Investment is on normal commercial terms or better for the Company and in the ordinary and usual course of business of the Group; and (iii) the Investment is in the interests of the Company and its shareholders as a whole.

The directors of the Company believe that the terms of the Investment are fair and reasonable and in the interests of the Company's shareholders as a whole.

Mr. Li has a material interest in the Investment and abstained from voting on the Board resolution approving the Investment. Save for Mr. Li, no other director of the Company has a material interest in the Investment.

INFORMATION ON THE COMPANY AND OTHER PARTIES

The Company is a global company headquartered in Hong Kong which holds interests in telecommunications, media, IT solutions, property development and investment, and other businesses.

The principal activity of the Company is investment holding, and the principal activities of the 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, the Company also operates a domestic free television service in Hong Kong.

The Purchaser is an investment holding company and a wholly-owned subsidiary of the Company.

The Issuer was incorporated as an exempted company with limited liability in the Cayman Islands on June 18, 2021, for the purpose of issuing notes (including the Notes). The Issuer is wholly-owned by the Guarantor.

The Guarantor was incorporated as an exempted company with limited liability in the Cayman Islands on March 18, 2013. The principal activity of the Guarantor is investment holding and its assets consist primarily of its holding of shares in PCGIIIH. The Guarantor is wholly-owned by Mr. Li.

PCGIIIH was incorporated as an exempted company with limited liability in the Cayman Islands on March 18, 2013. PCGIIIH is a holding company. The principal activity of PCGIIIH is investment holding and its assets consist primarily of its major shareholding in its subsidiaries, FWD Limited and FWD Group Limited.

PCGIIIH and its subsidiaries are principally engaged in the provision of products and services focusing on life insurance, general insurance and investment services through the operations of FWD Limited and FWD Group Limited. PCGIIIH is wholly-owned by the Guarantor.

The Joint Lead Managers are The Hongkong and Shanghai Banking Corporation Limited, Credit Suisse (Hong Kong) Limited, DBS Bank Ltd., J.P. Morgan Securities plc, SMBC Nikko Securities (Hong Kong) Limited and Standard Chartered Bank.

LISTING RULES IMPLICATIONS

The Issuer and the Guarantor are associates of Mr. Li, who is a connected person of the Company, under Chapter 14A of the Listing Rules. The Investment is, therefore, a connected transaction for the Company under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Investment exceeds 0.1% but all the applicable percentage ratios are less than 5%. Accordingly, the Investment is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning given to it in Chapter 14A of the Listing Rules
“Board”	the board of directors of the Company or a duly authorized committee of the board
“Call Option Redemption Price”	in respect of each Note, 101.00% of the principal amount of such Note in respect of a redemption in the year commencing August 23, 2024 or 100.50% of the principal amount of such Note in respect of a redemption in the year commencing August 23, 2025

“Change of Control”	includes Mr. Li or any of his affiliates ceasing to hold 100% of the issued share capital of the Guarantor, Mr. Li, any of his affiliates or the Guarantor ceasing to control PCGIIIH, or the Guarantor or PCGIIIH consolidating with or merging into, or selling or transferring all or substantially all of its assets to, any other person, unless the consolidation, merger, sale or transfer does not result in such other person acquiring control over the Guarantor or PCGIIIH
“Company”	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)
“connected person”	has the meaning given to it in Chapter 14A of the Listing Rules
“Group”	the Company and its subsidiaries
“Guarantor”	PCGI Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, in respect of which additional information is given above in this announcement in the section headed <i>“Information on the Company and Other Parties”</i>
“Investment”	the treasury investment made by the Purchaser for US\$85 million (equivalent to approximately HK\$663 million) in principal amount of the Notes, as described in this announcement
“Issue Date”	the date of issue of the Notes, being August 23, 2021
“Issuer”	PCGI Intermediate Holdings (III) Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, in respect of which additional information is given above in this announcement in the section headed <i>“Information on the Company and Other Parties”</i>
“Joint Lead Managers”	the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners in respect of the Note Offering, named above in this announcement in the section headed <i>“Information on the Company and Other Parties”</i>
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Make Whole Redemption Price”	in respect of each Note, means the higher of (1) the principal amount of such Note or (2) the amount equal to the sum of the present value of the principal amount of

such Note together with the present values of the interest payable for the relevant interest periods from the relevant date fixed for redemption to the Maturity Date, in each case, discounted to such redemption date on a semi-annual compounded basis at an adjusted rate per annum for United States Treasury securities selected by an independent investment bank of international repute appointed by the Issuer as determination agent under the terms and conditions of the Notes, plus 0.5%, all as determined by the determination agent

“Maturity Date”	the date on which the Notes will be redeemed at their principal amount (unless previously redeemed, or purchased and cancelled, in accordance with the terms and conditions of the Notes), being August 23, 2026
“Mr. Li”	Mr. Li Tzar Kai, Richard, the Chairman and an Executive Director of the Company and has interests in the shares of the Company as disclosed under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Note Offering”	the offering of an aggregate principal amount of US\$225,000,000 (equivalent to approximately HK\$1,755 million) of the Notes by the Issuer to professional investors (as defined in Chapter 37 of the Listing Rules) only, coordinated and managed by the Joint Lead Managers, as described in the Issuer’s offering circular uploaded on the Stock Exchange website on the date of this announcement
“Noteholder”	in respect of a Note, means the person in whose name the Note is for the time being registered in the register of holders of Notes maintained by the registrar appointed in connection with the Notes
“Notes”	US\$225,000,000 (equivalent to approximately HK\$1,755 million) aggregate principal amount of 4.50% guaranteed notes due 2026 issued by the Issuer and guaranteed by the Guarantor pursuant to the Note Offering
“PCGIH”	PCGI Intermediate Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, in respect of which additional information is given above in this announcement in the section headed “ <i>Information on the Company and Other Parties</i> ”
“Purchaser”	PCCW Wealth Limited, a company incorporated with limited liability in Hong Kong, in respect of which additional information is given above in this announcement in the section headed “ <i>Information on the Company and Other Parties</i> ”

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

In this announcement, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.80. Percentages and figures expressed in millions have been rounded.

By order of the Board of
PCCW Limited
Bernadette M. Lomas
Group General Counsel and Company Secretary

Hong Kong, August 24, 2021

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors

Li Tzar Kai, Richard (Chairman); Srinivas Bangalore Gangaiah (aka BG Srinivas) (Group Managing Director); Hui Hon Hing, Susanna (Group Chief Financial Officer) and Lee Chi Hong, Robert

Non-Executive Directors

Tse Sze Wing, Edmund, GBS; Li Fushen (Deputy Chairman); Mai Yanzhou; Zhu Keping and Wei Zhe, David

Independent Non-Executive Directors

Aman Mehta; Frances Waikwun Wong; Bryce Wayne Lee; Lars Eric Nils Rodert; David Christopher Chance and David Lawrence Herzog