

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PCCW Limited

電訊盈科有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0008)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF SHARES IN
PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED**

THE DISPOSAL

On December 23, 2021, Asian Motion, a wholly-owned subsidiary of the Company, entered into the SPA to dispose of the Sale Shares (representing approximately 1.1% of the total number of ordinary shares of PCPD in issue as at the date of this announcement) to the Purchaser by way of a market trade at an aggregate consideration of HK\$13,005,000 (exclusive of transaction costs).

Upon Completion, the Company's shareholding in PCPD will be reduced to approximately 30.07% of the total number of ordinary shares of PCPD in issue. Following Completion and the resignation of Ms. Hui Hon Hing, Susanna from the board of directors of PCPD with effect from December 29, 2021, PCPD will cease to be a subsidiary of the Company and will become an associate of the Company. As a result, the financial results and positions of the PCPD Group will no longer be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements thereunder.

THE DISPOSAL

On December 23, 2021, Asian Motion, a wholly-owned subsidiary of the Company, entered into the SPA to dispose of the Sale Shares (representing approximately 1.1% of the total number of ordinary shares of PCPD in issue as at the date of this announcement) to the Purchaser by way of a market trade at an aggregate consideration of HK\$13,005,000 (exclusive of transaction costs).

The principal terms of the SPA are set out below:

THE SPA

Date

December 23, 2021

Parties

- (1) Asian Motion, as seller.
- (2) The Purchaser, as purchaser.

Sale and purchase of the Sale Shares

The SPA provides for the sale by Asian Motion and the purchase by the Purchaser of the Sale Shares (representing approximately 1.1% of the total number of ordinary shares of PCPD in issue as at the date of this announcement).

Consideration

The Consideration payable by the Purchaser for the Transaction is HK\$13,005,000, which represents HK\$0.578 per Sale Share (exclusive of transaction costs), and is payable on the Completion Date in cash.

The Consideration was determined by the Parties following arm's length negotiation, taking into consideration the average of the closing prices of the Sale Shares as quoted on the Hong Kong Stock Exchange for the last 5 consecutive trading days immediately before the date of the SPA.

Ranking

The Sale Shares have the same rights as, and rank pari passu with, all other existing ordinary shares of PCPD in issue.

EXPECTED FINANCIAL IMPACT OF THE TRANSACTION AND USE OF PROCEEDS

As at the date of this announcement, the Company, through Asian Motion, is indirectly interested in approximately 31.17% of the total number of ordinary shares of PCPD in issue. Upon Completion, the Company's shareholding in PCPD will be reduced to approximately 30.07% of the total number of ordinary shares of PCPD in issue. Following Completion and the resignation of Ms. Hui Hon Hing, Susanna from the board of directors of PCPD with effect from December 29, 2021 (as disclosed in the announcement of PCPD dated the date of this announcement), PCPD will cease to be a subsidiary of the Company and will become an associate of the Company. As a result, the financial results and positions of the PCPD Group will no longer be consolidated into the consolidated financial statements of the Group.

Upon Completion, gains or losses from the Transaction are to be recognized in the Group's consolidated income statement at the difference between (i) the aggregate of the fair value of consideration received and the fair value of the Company's retained interest in PCPD, and (ii) the carrying amount of net assets of PCPD attributable to the Company immediately before the Transaction, together with the difference between the Company's share of the net fair value of PCPD's identifiable assets and liabilities and the fair value of the retained interest in PCPD.

Further to the above, currency translation reserve that is attributable to the equity holders of the Company recognized in the consolidated other comprehensive income of the Group with respect to PCPD will be reclassified to the consolidated income statement of the Group.

As of the date of this announcement, the valuation process on the identifiable assets and liabilities of PCPD is still in progress. On a pro forma basis, as if the Completion had taken place on June 30, 2021 and the carrying value on the books of PCPD approximates the fair value of its respective identifiable assets and liabilities as of June 30, 2021, there would be no material impact on the consolidated income statements of the Group, excluding the impact of the reclassification of currency translation reserve as mentioned above.

The actual financial impact will depend on the final valuation of the PCPD's identifiable assets and liabilities as at the date of Completion.

The proceeds of the Transaction will be used by the Group for general corporate and working capital purposes.

FURTHER INFORMATION ON THE PCPD GROUP

The PCPD Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments.

Set out below are the loss before taxation and loss attributable to the equity holders of PCPD of the PCPD Group for the years ended December 31, 2019 and 2020 as prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended December 31, 2019 (HK\$ million) (Audited)	For the year ended December 31, 2020 (HK\$ million) (Audited)
Loss before taxation	230	699
Loss attributable to equity holders of PCPD	295	749

The audited total asset value and net asset value of the PCPD Group as at December 31, 2020 based on the latest consolidated financial statements published by PCPD as included in its annual report for the year ended December 31, 2020 were HK\$12,993 million and HK\$3,347 million, respectively.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the Transaction is consistent with the Company's stated strategy to optimize capital investment and focus on its core businesses of telecommunications, media and technology. Immediately after Completion, the Group will remain the single largest shareholder of PCPD.

Based on the above, the Directors believe that the terms of the Transaction, including the Consideration, are fair and reasonable and in the interests of the Company's shareholders as a whole.

As Mr. Li, the Chairman and an Executive Director of the Company who has interests in the shares of the Company as disclosed under the SFO, is also an Executive Director of PCPD and has interests in the shares of PCPD as disclosed under the SFO, Mr. Li is considered to have a material interest in the Transaction and abstained from voting on the resolutions of the Board approving the Transaction.

None of the other Directors have any material interest in the Transaction except by virtue of being a director of PCPD and/or having interests in the shares of PCPD as disclosed under the SFO, and no other Directors were required to abstain from voting on the resolutions of the Board approving the Transaction.

INFORMATION IN RELATION TO THE PARTIES

Asian Motion is a wholly-owned subsidiary of the Company.

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; and investments in, and development of, systems integration, network engineering, and information technology-related businesses. The Group also has an interest in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments through its interest in PCPD. 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 managed by Koru Partners Pte. Ltd., a Singapore fund manager principally engaged in investment management.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Purchaser and Koru Partners Pte. Ltd. and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements thereunder.

DEFINITIONS

In this announcement, the following terms and expressions have the following meanings, unless the context requires otherwise:

“Asian Motion”	Asian Motion Limited, an investment holding company and a wholly-owned subsidiary of the Company incorporated with limited liability in the British Virgin Islands
“Board”	board of Directors
“Company”	PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Hong Kong 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)
“Completion”	completion of the Transaction pursuant to the terms and conditions of the SPA
“Completion Date”	December 29, 2021 or such other date as the Parties may agree in writing
“connected person”	has the meaning given to it in the Listing Rules
“Consideration”	the total consideration payable by the Purchaser under the SPA described under the sub-heading “Consideration” in this announcement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“ Mr. Li ”	Mr. Li Tzar Kai, Richard
“ Parties ”	Asian Motion and the Purchaser, being the parties to the SPA, and a “Party” shall be construed accordingly
“ PCPD ”	Pacific Century Premium Developments Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0432), which is a subsidiary of the Company as at the date of this announcement
“ PCPD Group ”	PCPD and its subsidiaries
“ percentage ratio ”	has the meaning given to it in the Listing Rules
“ Purchaser ”	Oriental Sceptre Limited, a company incorporated in the Cayman Islands with limited liability
“ Sale Shares ”	22,500,000 ordinary shares in the issued share capital of PCPD
“ SFO ”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“ SPA ”	the sale and purchase agreement in relation to the Transaction entered into between Asian Motion as seller and the Purchaser as purchaser on December 23, 2021
“ Transaction ”	the sale by Asian Motion and the purchase by the Purchaser of the Sale Shares

By order of the Board of
PCCW Limited
Cheung Hok Chee, Vanessa
Group General Counsel and Company Secretary

Hong Kong, December 23, 2021

As at the date of this announcement, the Directors 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; Mai Yanzhou 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