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HKT Trust

(a trust constituted on 7 November 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)

PCCW Limited

電訊盈科有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 0008)

JOINT ANNOUNCEMENT

UPDATE ON MAJOR TRANSACTION

AND

PUBLIC FLOAT

UPDATE ON MAJOR TRANSACTION

The Communications Authority has today issued its consent pursuant to Section 7P of the Telecommunications Ordinance for the Proposed Acquisition of the CSLNW Group by HKT. The Communications Authority's decision and press release regarding the 7P Consent can be located at http://www.coms-auth.hk/. In connection with the granting of the 7P Consent, the Communications Authority has issued a number of directions to HKT and CSLNW which are contained in its decision.

With the granting of the 7P Consent by the Communications Authority, all the conditions precedent to completion of the Proposed Acquisition have now been satisfied. As contemplated by the Share Purchase Agreement, Completion will take place on a date to be specified by HKT not being earlier than the second business day, and not later than 15 business days, from today.

PUBLIC FLOAT

On 2 May 2014, the HKT Trust and HKT became aware of an increase in the Share Stapled Units holding of The Capital Group Companies, Inc., from the recent filing of its DI Form on or about 30 April 2014 pursuant to Part XV of the SFO. According to the DI Form, The Capital

Group Companies, Inc. increased their interest in the HKT Trust and HKT from approximately 9.98% to approximately 10%. As a result of such increase, the current public float of the HKT Trust and HKT has been reduced to approximately 22.18%, which is below the minimum prescribed percentage of 25% required by the Listing Rules.

Reference is made to the joint announcement of the HKT Trust, HKT and PCCW dated 20 December 2013 (the "**Joint Announcement**") and the circulars of the HKT Trust and HKT and PCCW, respectively, dated 31 December 2013 (the "**Circulars**") in respect of the proposed acquisition by HKT of the entire issued share capital of CSL New World Mobility Limited.

Capitalized terms used in this announcement shall have the meanings assigned to them in the Circulars, unless the context otherwise requires.

UPDATE ON MAJOR TRANSACTION

Consent of the Communications Authority to the Proposed Acquisition of CSLNW by HKT

The boards of directors of the Trustee-Manager, HKT and PCCW are pleased to announce that the consent of the Communications Authority, pursuant to Section 7P of the Telecommunications Ordinance, required for the Proposed Acquisition of the CSLNW Group by HKT (the "**7P Consent**") was issued today. The Communications Authority's decision and press release regarding the 7P Consent can be located at http://www.coms-auth.hk/.

In connection with the granting of the 7P Consent, the Communications Authority has issued a number of directions (the "**Directions**") to HKT and CSLNW:

1. to divest 29.6 MHz of 3G spectrum upon expiry of the existing assignment on 21 October 2016;

2. to refrain from participating in any 3G spectrum auctions for five years from 2 May 2014;

3. to inform the Communications Authority and other mobile network operators of any planned closure of base transceiver stations for five years from 2 May 2014, unless extended by the Communications Authority taking into account market conditions at the time;

4. to continue to provide wholesale network access to mobile virtual network operators on no less favourable terms than those in the existing mobile virtual network operator agreements for three years from 2 May 2014;

5. to continue giving effect to the existing 3G network capacity sharing agreement between HKT and China Mobile Hong Kong Company Limited until the expiry of the agreement or earlier termination thereof in accordance with its terms;

6. to procure compliance by entities within the HKT and CSLNW groups with the Directions until the expiration of all the Directions set out in paragraphs 1 to 5 above; and

7. to provide written compliance reports to the Communications Authority every six months until the expiry of all the Directions set out in paragraphs 1 to 5 above.

The detailed terms of the Directions are contained in the Communications Authority's decision regarding the 7P Consent, which is located at http://www.coms-auth.hk/.

Completion of the Proposed Acquisition

With the granting of the 7P Consent, all the conditions precedent to completion of the Proposed Acquisition have now been satisfied. As contemplated by the Share Purchase Agreement, Completion of the Proposed Acquisition will take place on a date to be specified by HKT being not earlier than the second business day, and not later than 15 business days, from today.

Financing of the Proposed Acquisition

As contemplated by the Circulars, HKT intends to draw down on the commercial banking facility commitment of up to US$2,500,000,000 (equivalent to approximately HK$19,450,000,000) from Standard Chartered Bank (Hong Kong) Limited and other banks (if applicable) (the "**Bridge Loan**") to fund the base purchase price payable under the Share Purchase Agreement upon completion of the Proposed Acquisition and any adjustments to the base purchase price.

As further contemplated by the Circulars, the HKT Trust and HKT intend to refinance the Bridge Loan with longer term financing. The detailed proposals for such longer term financing, including a possible rights issue by the HKT Trust and HKT, are expected to be announced shortly.

PUBLIC FLOAT OF THE HKT TRUST AND HKT

On 2 May 2014, the HKT Trust and HKT became aware of an increase in the Share Stapled Units holding of The Capital Group Companies, Inc., from the recent filing of its DI Form on or about 30 April 2014 pursuant to Part XV of the SFO. According to the DI Form, The Capital Group Companies, Inc. increased their interest in the HKT Trust and HKT from approximately 9.98% to approximately 10%. As a result of such increase, the current public float of the HKT Trust and HKT has been reduced to approximately 22.18%, which is below the minimum prescribed percentage of 25% required by the Listing Rules.

To the best knowledge of the HKT Directors, The Capital Group Companies, Inc. is independent from and not connected with any of the HKT Directors, the other substantial holders of Share Stapled Units of the HKT Trust and HKT and their respective associates.

As far as the directors of the Trustee-Manager and HKT are aware based on the available information, the issued capital structure of the HKT Trust and HKT as at the date of this announcement, is as follows:

Name	Number of Share Stapled Units held	Approximate percentage of issued Share Stapled Units	Note
PCCW	4,047,215,832	63.07%	1
The Capital Group Companies, Inc.	641,744,278	10.00%	2
HKT Directors	304,617,859	4.75%	
Sub-total	4,993,577,969	77.82%	
Public holders of Share Stapled Units	1,423,152,823	22.18%	
Total	6,416,730,792	100.00%	

Notes:
The Trustee-Manager holds all of the issued ordinary shares of HKT in its capacity as trustee and manager of the HKT Trust, upon and subject to the terms and conditions of the Trust Deed.

1. PCCW indirectly holds these interests through its direct wholly-owned subsidiary, CAS Holding No. 1 Limited.

2. The Capital Group Companies, Inc. indirectly holds these interests through its direct/indirect wholly-owned subsidiaries, based on the information that is publicly available to the Trustee-Manager and HKT.

Given that the longer term financing consequent to the acquisition of CSLNW may involve a rights issue, the boards of the Trustee-Manager and HKT will consider the steps necessary, if any, to restore the public float to the minimum 25% as required under the Listing Rules and will make further announcement(s) as appropriate.

DEFINITIONS

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

"**DI Form**"	the prescribed form of disclosure of interest for the purpose of disclosing the interest of substantial shareholders or directors of a company under Part XV of the SFO
"**HKT Directors**"	the directors of the Trustee-Manager and HKT
"**SFO**"	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
"**%**"	per cent.

Unless indicated otherwise, in this announcement, translation of amounts in US$ into HK$ has been made at the rate of US$1 = HK$7.78 for illustration purposes only.

By order of the boards of
HKT Management Limited
and
HKT Limited
Philana WY Poon
Group General Counsel and Company Secretary

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

Hong Kong, 2 May 2014

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

Executive Directors:
Li Tzar Kai, Richard (Executive Chairman); Alexander Anthony Arena (Group Managing Director) and Hui Hon Hing, Susanna (Group Chief Financial Officer)

Non-Executive Directors:
Peter Anthony Allen; Chung Cho Yee, Mico; Lu Yimin and Li Fushen

Independent Non-Executive Directors:
Professor Chang Hsin Kang, FREng, GBS, JP; Sir Rogerio (Roger) Hyndman Lobo, CBE, LLD, JP; The Hon Raymond George Hardenbergh Seitz and Sunil Varma

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

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; Lars Eric Nils Rodert and David Christopher Chance