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PCCW Limited

電訊盈科有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00008)

CONNECTED TRANSACTION
ACQUISITION OF BONDS

THE ACQUISITION

On March 8, 2019 (after trading hours), the Company (through its wholly-owned subsidiary) and Ultimate Talent Limited entered into the Sale and Purchase Agreement, pursuant to which the Company agreed to purchase, and Ultimate Talent Limited agreed to sell, the Sale Bonds at a consideration of US$67,246,472.22.

LISTING RULES IMPLICATIONS

Mr. Li indirectly owns 100% of the issued share capital of Ultimate Talent Limited. As at the date of this announcement, he is a director of the Company and has interests in the shares of the Company as disclosed under Part XV of the SFO, and therefore a connected person of the Company. Ultimate Talent Limited is an associate of a connected person of the Company.

Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 0.1% but all are less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE SALE AND PURCHASE AGREEMENT

Date: March 8, 2019 (after trading hours)

Parties:

(1) The Company (through its wholly-owned subsidiary, Asian Motion Limited), as purchaser; and

(2) Ultimate Talent Limited, as vendor.

Subject matter: the Sale Bonds

Consideration:

The consideration for the Sale Bonds shall be US$67,246,472.22, which shall be paid by the Company by way of cash upon completion of the Acquisition. This will be funded by the Group's internal resources.

The consideration has been arrived at after commercial and arm's length negotiations between the parties. It represents a 2% discount to the mid-point between the market bid-price and the market ask-price of the Bonds at approximately 10 a.m. (Singapore time) on the date of this Announcement plus the accrued but unpaid interest on the Sale Bonds up to completion of the Acquisition.

Completion:

Completion of the Acquisition is expected to take place on the first business day after the date of the Sale and Purchase Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition offers an opportunity for the Group to acquire the Sale Bonds at 2% discount from the prevailing market price, representing an attractive investment for the funds currently held by the Group. The Company expects that, after the Acquisition, the Group as a whole can derive a net finance costs saving.

The Board (including the independent non-executive directors of the Company, but excluding Mr. Li who has abstained from voting) considers that: (i) the terms of the Acquisition are fair and reasonable; (ii) the Acquisition is on normal commercial terms or better for the Company; and (iii) the Acquisition is in the interests of the Company and its shareholders as a whole.

Save for Mr. Li, no directors of the Company are regarded as having a material interest in the Acquisition and hence no directors of the Company are required under the Listing Rules to abstain from voting on the board resolutions approving the Acquisition.

INFORMATION ON THE COMPANY AND OTHER PARTIES

The Group is principally engaged in the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, and other telecommunications businesses such as customer premises equipment sales; the provision of interactive pay-TV services, over-the-top (OTT) digital media entertainment service in Hong Kong 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.

Asian Motion Limited is an investment holding company and a wholly-owned subsidiary of the Company.

Ultimate Talent Limited is an investment holding company.

LISTING RULES IMPLICATIONS

Mr. Li indirectly owns 100% of the issued share capital of Ultimate Talent Limited. As at the date of this announcement, he is a director of the Company and has interests in the shares of the Company as disclosed under Part XV of the SFO, and therefore a connected person of the Company. Ultimate Talent Limited is an associate of a connected person of the Company.

Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 0.1% but all are less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements 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:

"**Acquisition**"	the transactions contemplated under the Sale and Purchase Agreement
"**associate**"	has the meaning ascribed to it under the Listing Rules
"**Board**"	the board of directors of the Company
"**Bonds**"	the bonds in the aggregate principal amount of US$570,000,000 with an interest rate of 4.75% per annum and a maturity date of March 9, 2022, issued by PCPD Capital Limited, an indirect wholly-owned subsidiary of PCPD, and guaranteed by PCPD, the principal terms of which are set out in the announcements of PCPD on March 3, 2017 and March 7, 2017
"**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: 00008) 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 ascribed to it under the Listing Rules
"**Group**"	the Company and its subsidiaries
"**Listing Rules**"	the Rules Governing the Listing of Securities on the Stock Exchange
"**Mr. Li**"	Mr. Li Tzar Kai, Richard, the chairman and an executive director of the Company

"**PCPD**"	Pacific Century Premium Developments Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00432), which is a subsidiary of the Company as at the date of this announcement
"**Sale and Purchase Agreement**"	the sale and purchase agreement dated March 8, 2019 entered into between Asian Motion Limited as purchaser and Ultimate Talent Limited as vendor in relation to the sale and purchase of the Sale Bonds
"**Sale Bonds**"	the Bonds in the principal amount of US$70,000,000, which represent all the Bonds currently held by Ultimate Talent Limited
"**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**US$**"	United States dollars, the lawful currency of the United States of America
"**%**"	per cent.

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

Hong Kong, March 8, 2019

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); Shao Guanglu; Zhu Kebing 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