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)

SCRIP DIVIDEND SCHEME IN RELATION TO THE INTERIM DIVIDEND FOR THE SIX MONTHS ENDED JUNE 30, 2014 CALCULATION OF MARKET VALUE

PCCW Limited (the "**Company**") announced on Wednesday, August 6, 2014 that the board of directors of the Company (the "**Board**") had resolved and declared the payment of an interim dividend of HK$0.0699 per ordinary share of the Company (the "**Share(s)**") in respect of the six months ended June 30, 2014 (the "**Interim Dividend**") to shareholders of the Company (the "**Shareholders**") whose names appeared on the register of members of the Company on Thursday, August 28, 2014 (the "**Record Date**"). Under the scrip dividend scheme (the "**Scrip Dividend Scheme**"), eligible Shareholders (the "**Eligible Shareholders**") may elect to receive the Interim Dividend wholly in cash, or in the form of new shares in the capital of the Company, credited as fully paid (the "**New Shares**"), in lieu of cash, or partly in cash and partly in the form of New Shares.

For the purposes of calculating the number of New Shares to be allotted pursuant to the Scrip Dividend Scheme, the market value of the New Shares has been fixed at HK$4.988 per Share (the "**Average Closing Price**"), which is the average closing price per Share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the five consecutive trading days from Monday, August 25, 2014 to Friday, August 29, 2014. Accordingly, the number of New Shares which the Eligible Shareholders are entitled to receive in respect of the Shares registered in their names on the Record Date will be calculated as follows:

$$\text{Number of New Shares to be received} = \text{Number of Shares held on the Record Date and elected for New Shares} \times \frac{\text{HK\$0.0699 (Interim Dividend per Share)}}{\text{HK\$4.988 (Average Closing Price)}}$$

The number of New Shares to be issued to each Eligible Shareholder will be rounded down to the nearest whole number. Fractional entitlements to New Shares will be disregarded and the benefit thereof will accrue to the Company. The New Shares to be issued pursuant to the Scrip Dividend Scheme will, when they are issued, rank pari passu in all respects with the Shares in issue on the date of the allotment and issue of the New Shares, except that they shall not be entitled to the Interim Dividend.

Application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares. A circular to Shareholders giving details of the Scrip Dividend Scheme (the "**Circular**"), together with a form of election in relation to the Scrip Dividend Scheme (the "**Election Form**"), is expected to be despatched to Shareholders on or about Friday, September 5, 2014. Shareholders with registered addresses in certain jurisdictions outside Hong Kong as specified in the Circular will be excluded from the Scrip Dividend Scheme and will receive the Interim Dividend wholly in cash. The Board considers such exclusion to be necessary and expedient pursuant to Rule 13.36(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shareholders who wish to receive the Interim Dividend wholly in cash should NOT complete the Election Form.

Shareholders who wish to receive the Interim Dividend, in whole or in part, in the form of New Shares should complete and sign the Election Forms in accordance with the instructions printed thereon and return them to the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than the latest time specified in the Circular which is expected to be 4:30 p.m. on Tuesday, September 23, 2014.

It is expected that the share certificates for New Shares will be sent by ordinary mail to those Eligible Shareholders who elected to receive the Interim Dividend wholly or partly in New Shares at their own risk on or about Tuesday, October 7, 2014, and the first day of dealings in the New Shares on the Stock Exchange is expected to be on or about Wednesday, October 8, 2014.

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

Hong Kong, August 29, 2014

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
Sir David Ford, KBE, LVO; Tse Sze Wing, Edmund, GBS; Lu Yimin (Deputy Chairman); Li Fushen; Zhang Junan 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