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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 FINAL DIVIDEND FOR THE YEAR ENDED DECEMBER 31, 2013 CALCULATION OF MARKET VALUE

PCCW Limited (the "**Company**") announced on Thursday, February 27, 2014 that the board of directors of the Company (the "**Board**") had recommended the payment of a final dividend of HK$0.1385 per ordinary share of the Company (the "**Share(s)**") in respect of the financial year ended December 31, 2013 (the "**Final Dividend**") to shareholders of the Company (the "**Shareholders**") whose names appeared on the register of members of the Company on Thursday, May 15, 2014 (the "**Record Date**"). At the annual general meeting of the Company held on Thursday, May 8, 2014, an ordinary resolution was passed to approve the Final Dividend. Under the scrip dividend scheme (the "**Scrip Dividend Scheme**"), eligible Shareholders (the "**Eligible Shareholders**") may elect to receive the Final 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$4.148 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, May 12, 2014 to Friday, May 16, 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:

$$\text{Number of New Shares to be received} = \text{Number of Shares held on the Record Date and elected for New Shares} \times \frac{\text{HK\$0.1385 (Final Dividend per Share)}}{\text{HK\$4.148 (Average Closing Price)}}$$

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 Final 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 Thursday, May 22, 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 Final 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 Final Dividend wholly in cash should NOT complete the Election Form.

Shareholders who wish to receive the Final 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 Monday, June 9, 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 Final Dividend wholly or partly in New Shares at their own risk on or about Friday, June 20, 2014, and the first day of dealings in the New Shares on the Stock Exchange is expected to be on or about Monday, June 23, 2014.

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

Hong Kong, May 16, 2014

As at the date of this announcement, the directors of the Company 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