

EXECUTION VERSION

DATED 6 AUGUST 2020

PCCW Interactive Media Holdings Limited

and

HKT Interactive Media Holdings Limited

SALE AND PURCHASE AGREEMENT

relating to the sale and purchase of
the total issued and paid-up capital of
PCCW Media Limited

Slaughter and May
47/F Jardine House
One Connaught Place
Central, Hong Kong
(JHXC/NTYL)

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THIS AGREEMENT is made on 6 August 2020

PARTIES:

1. PCCW INTERACTIVE MEDIA HOLDINGS LIMITED, a company incorporated under the laws of Hong Kong (company number: 724818) whose registered office is at 41st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong (the "**Seller**");

AND

2. HKT INTERACTIVE MEDIA HOLDINGS LIMITED, a company incorporated under the laws of the British Virgin Islands (company number: 2040724) whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the "**Purchaser**").

BACKGROUND:

- (A) PCCW Media Limited is a company incorporated under the laws of Hong Kong (company number: 606607), whose registered office is at 41st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, and the holder of the Domestic Pay Television Programme Service Licence granted by the Office of the Communications Authority ("**OFCA**") on 23 September 2003 and renewed on 9 December 2014 for a continuous period of 12 years commencing from 26 September 2015. Particulars of each member of the Group (as defined in this Agreement) as at the date of this Agreement are set out in Attachment 1 hereto.
- (B) The Seller has agreed to sell (or procure the sale) to the Purchaser, and the Purchaser has agreed to purchase from the Seller, the Shares (as defined in this Agreement) upon the terms and conditions set out in this Agreement.

THE PARTIES AGREE as follows:

1. Interpretation

- 1.1 In this Agreement, and the Schedules and the Attachments to it:

"Accounts" means the unaudited pro-forma consolidated management accounts of the Group for the accounting reference period ended on the Accounts Date, copies of which are provided separately by the Seller to the Purchaser;

"Accounts Date" means December 31, 2019;

"Agreed Exchange Rate" means the exchange rate agreed between the Seller and the Purchaser of US\$1 = HK\$7.8;

“Business Day”	means a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong;
“Business Information”	means all information, know-how and records including (without limitation) all formulas, designs, specifications, drawings, manuals and instructions; customer lists, sales, marketing and promotional information; business plans and forecasts; technical or other expertise; computer software and accounting and tax records, correspondence, orders and inquiries;
“Company”	means PCCW Media Limited, basic information concerning which is set out in <u>Part A of Attachment 1</u> (<i>Basic information about the Company</i>);
“Completion”	means completion of the sale and purchase of the Shares under this Agreement;
“Completion Date”	means the 8th Business Day following the day on which the last in time of the conditions listed in <u>Schedule 1</u> (<i>Conditions to Completion</i>) shall have been satisfied or waived by mutual agreement in writing between the Purchaser and the Seller or such other date as the parties may agree in writing;
“Disclosure Letter”	means the letter dated the same date as this Agreement written by the Seller to the Purchaser for the purposes of <u>sub-clause 9.1</u> (<i>Purchaser’s remedies and Seller’s limitations on liability</i>) and delivered to the Purchaser before the execution of this Agreement;
“Encumbrance”	includes any mortgage, charge, pledge, lien, hypothecation, equitable rights, pre-emption, third-party right or interest, or other encumbrances, preference, priority or advantage over creditors, security interest, deferred purchase, title retention, leasing, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any arrangement for any of the same or similar;
“Excluded Assets”	means the shareholding, rights and interests of the Company in STX Filmworks, Inc., a company incorporated in the State of Delaware, United States of America, including for the avoidance of doubt any resulting shareholding, rights and interests that the Company may have as a result of

any corporate action of or any merger involving STX Filmworks, Inc. from time to time;







“Group”	means the Company and all the Subsidiaries and the Joint Venture;
“HKT Limited”	means HKT Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong, the share stapled units of which are jointly issued with the HKT Trust and listed on the Hong Kong Stock Exchange (Stock Code: 6823). The Purchaser is a wholly-owned subsidiary of HKT Limited;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Information Technology”	means computer hardware, software and networks;
“Intellectual Property”	means patents, trademarks, rights in designs, copyrights, database rights (whether or not any of these is registered and including applications for registration of any such thing), domain names and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world;
“Joint Venture”	means the joint venture of the Company as at the date of this Agreement being set out in <u>Part B of Attachment 1</u> (<i>Basic information about the Subsidiaries and Joint Venture</i>);
“Long Stop Date”	means the date falling 4 months after the date of this Agreement;
“Non-Compete Agreement”	means the non-compete agreement dated 8 November 2011 entered into between HKT Limited and PCCW Limited in respect of the business of providing pay and free television services under a government licence, permit or concession granted by a governmental authority; or under an exception for the provision of pay television programme services via the internet contained in any legislation under which a licence, permit or concession referred to above may be granted, including the production, acquisition and/or supply of the said

television programme services for the purpose of conducting the business of providing pay and/or free television services;

“PCCW Limited”	means PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on 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). The Seller is a wholly-owned subsidiary of PCCW Limited;
“Pre-Completion Restructuring”	means the following which will be completed prior to Completion (i) the transfer by PCCW Nominees Limited of the 1 ordinary share which it holds in the Company to the Seller; (ii) the transfer by the Company of the Excluded Assets to the Seller (or another member of the Retained Group designated by the Seller) and (iii) the signing of the Starbucks Transfer Agreement and completion thereunder;
“Purchaser’s Group”	means HKT Limited and its subsidiaries (including, following Completion, members of the Group);
“Retained Group”	means the Seller, its subsidiaries, any holding company of the Seller and all other subsidiaries of any such holding company from time to time (except members of the Group and the Purchaser’s Group);
“Services Agreements”	means the agreements to be entered into between the Purchaser’s Group and the Retained Group on the Completion Date in respect of the continued provision of services between the Purchaser’s Group and the Retained Group, further details of which are set out in <u>Schedule 4 (Services Agreements)</u> ;
“Shares”	means all the issued ordinary shares, issued “A” class shares and issued “B” class shares in the capital of the Company;
“Share Purchase Documents”	means this Agreement, the Disclosure Letter and any other agreements entered into pursuant to them;
“Signing Announcements”	means the respective announcements to be made on or around the date of this Agreement by each of PCCW Limited and HKT Limited, which will be

substantially in the respective forms as set out in Attachment 2 (Form of Signing Announcements);

“Starbucks Transfer Agreement”

means the agreement to be entered into between relevant members of the Purchaser’s Group and the Retained Group on or before the Completion Date in respect of the transfer of the entire issued share capital of Starbucks (HK) Limited, which holds certain trademarks and domain names necessary for the business of the Group, including without limitation trade mark registrations for “” and “”, “NOW TV”, “” and “”, “Now E” and “” and “”, as well as domain names including now.com.hk, now-tv.com and nowe.hk, at a consideration of HK\$1.00;

“Subsidiary”

means each subsidiary of the Company as at the date of this Agreement being set out in Part B of Attachment 1 (Basic information about the Subsidiaries and Joint Venture);

“US\$”

means United States dollars, the lawful currency of the United States of America;

“Warranties”

means the representations and warranties set out in Schedule 3 (Representations and Warranties) given by the Seller and “Warranty” shall be construed accordingly; and

“Working Hours”

means 9.00 a.m. to 5.30 p.m. on a Business Day.

1.2 In this Agreement, unless otherwise specified:

- (A) references to clauses, sub-clauses, paragraphs, sub-paragraphs, Schedules and Attachments are to clauses, sub-clauses, paragraphs and sub-paragraphs of and Schedules and Attachments to, this Agreement;
- (B) references to any document in the “**agreed form**” means that document in a form agreed by the parties and initialled for the purposes of identification by the Purchaser and the Seller (or their respective solicitors);
- (C) use of any gender includes the other genders;

- (D) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;
- (E) references to a “company” shall be construed so as to include any corporation or other body corporate, wherever and however incorporated or established;
- (F) references to a “person” shall be construed so as to include any individual, firm, company, corporation, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality);
- (G) any reference to a “day” (including the phrase “Business Day”) shall mean a period of 24 hours running from midnight to midnight;
- (H) references to times are to Hong Kong time;
- (I) references to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (J) all headings and titles are inserted for convenience only and are to be ignored in the interpretation of this Agreement; and
- (K) the Schedules and Attachments form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include the Schedules and Attachments.

2. Sale and purchase

- 2.1 The Seller shall sell, or procure the sale of, and the Purchaser shall purchase, the Shares free from all Encumbrances with all rights attached or accruing to them at Completion.

3. Conditions

- 3.1 The sale and purchase of the Shares pursuant to this Agreement is in all respects conditional upon those matters listed in Schedule 1 (*Conditions to Completion*).
- 3.2 The Purchaser and the Seller may agree to waive in writing in whole or in part any or all of the conditions listed in Schedule 1 (*Conditions to Completion*).
- 3.3 Each of the Seller and the Purchaser undertakes to disclose in writing to the other anything which will or may prevent any of the conditions set out in Schedule 1 (*Conditions to Completion*) from being satisfied on or prior to the Long Stop Date (or subsequently) immediately after it comes to their attention.
- 3.4 If any of the conditions set out in Schedule 1 (*Conditions to Completion*) is not fulfilled by the Purchaser or the Seller, as the case may be, or waived by mutual agreement in writing between the Purchaser and the Seller, on or before 5.00 p.m. on the Long Stop Date, or such later date as the Seller and the Purchaser may agree to in writing, then,

this Agreement shall be capable of termination by either the Purchaser or the Seller forthwith on written notice to the other.

4. Conduct of business before Completion

- 4.1 The Seller shall procure that, between the time of this Agreement and Completion, each member of the Group shall carry on its business in the ordinary and usual course and will not do anything which is not of a routine nature without the consent in writing of the Purchaser.

5. Consideration

- 5.1 The total consideration for the sale of the Shares shall be the payment by the Purchaser of the sum of US\$250 million (or HK\$1,950 million based on the Agreed Exchange Rate) (the “**Consideration**”) payable in accordance with clause 6 (*Completion*).

6. Completion

- 6.1 Completion shall take place on the Completion Date at such time and place as the parties may agree.
- 6.2 At Completion the Seller shall do those things listed in Part A (*Seller's obligations*) of Schedule 2 (*Completion arrangements*) and the Purchaser shall do those things listed in Part B (*Purchaser's obligations*) of Schedule 2 (*Completion arrangements*). Completion shall take place in accordance with Part C (*General*) of Schedule 2 (*Completion arrangements*).
- 6.3 The Purchaser shall not be obliged to complete the sale and purchase of any of the Shares unless the sale and purchase of all the Shares is completed simultaneously.
- 6.4 If the respective obligations of the Seller and/or the Purchaser under sub-clause 6.2 and Schedule 2 (*Completion Arrangements*) are not complied with on the Completion Date, the Purchaser (in the case of non-compliance by the Seller) or, as the case may be, the Seller (in the case of non-compliance by the Purchaser) may in its absolute discretion by written notice to the other party:
- (A) defer Completion (so that the provisions of this clause 6 shall apply to Completion as so deferred); or
 - (B) proceed to Completion as far as practicable (without limiting its rights under this Agreement); or
 - (C) terminate this Agreement by notice in writing to the other party.
- 6.5 If this Agreement is terminated in accordance with sub-clause 6.4 (and without limiting any party's right to claim damages):
- (A) the party whose non-compliance gave rise to the termination of this Agreement under sub-clause 6.4 will reimburse to the other party on demand an amount

equal to all costs and expenses incurred by such other party in accordance with clause 19 (Costs and Expenses); and

- (B) all obligations of the party who terminated this Agreement under sub-clause 6.4 shall end except for those expressly stated to continue without limit in time, but (for the avoidance of doubt) all rights and liabilities of parties which have accrued before termination shall continue to exist.

6.6 Payment by or on behalf of the Purchaser for the amount stated in clause 5 (Consideration) in accordance with Part B (Purchaser's obligations) of Schedule 2 (Completion arrangements) shall constitute payment of the consideration for the Shares and shall discharge the obligations of the Purchaser under clause 2 (Sale and purchase).

7. Seller's Warranties and Covenants

- 7.1 The Seller represents and warrants to the Purchaser that each of the Warranties is accurate in all respects and not misleading at the date of this Agreement and will be accurate in all respects and not misleading at Completion.
- 7.2 The Seller shall procure that no act shall be performed or omission allowed in the period between the date of this Agreement and Completion, either by itself or any member of the Retained Group or the Group, which would result in any of the Warranties being breached or inaccurate or misleading at the time of Completion.
- 7.3 The Seller accepts that the Purchaser is entering into this Agreement on the basis of, and in reliance upon, the Warranties.
- 7.4 The Seller undertakes to disclose in writing to the Purchaser anything which is or may constitute a breach of or be inconsistent with any of the Warranties immediately if it comes to its notice both before or at the time of Completion.
- 7.5 Each of the Warranties shall be construed as being separate and independent and (except where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty.

8. Purchaser's warranties

- 8.1 The Purchaser warrants to the Seller that it has the requisite capacity, power and authority to enter into and perform this Agreement and that its obligations under this Agreement constitute valid and binding obligations of the Purchaser in accordance with its terms.
- 8.2 The Purchaser warrants to the Seller that the execution and delivery of, and the performance by the Purchaser of its obligations under this Agreement will not:
 - (A) result in a breach of its articles of association;
 - (B) result in a breach of, or constitute a default under, any instrument to which the Purchaser is a party or by which it is bound;

- (C) result in a breach of any order, judgment or decree of any court or governmental agency or regulatory body by which the Purchaser is bound; or
- (D) require the consent of its shareholders or of any other person.

9. Purchaser's remedies and Seller's limitations on liability

- 9.1 The Purchaser shall not be entitled to claim that any fact causes any of the Warranties to be breached if it has been fully and fairly disclosed to the Purchaser in the Disclosure Letter in the absence of any fraud or dishonesty on the part of the Seller or any of its agents or advisers and only those matters so disclosed in the Disclosure Letter shall qualify the Warranties.
- 9.2 If, between the execution of this Agreement and Completion, the Purchaser becomes aware that any of the Warranties is or was inaccurate or misleading or that there has been any breach or breaches of any of the Warranties or any other term of this Agreement, in each case which may have material adverse effect on the Group, the Purchaser may terminate this Agreement by notice in writing to the Seller.
- 9.3 If this Agreement is terminated in accordance with sub-clause 9.2 (and without limiting the Purchaser's right to claim damages):
- (A) the Seller will reimburse to the Purchaser on demand an amount equal to all costs and expenses incurred by the Purchaser in accordance with clause 19 (*Costs and Expenses*); and
 - (B) all obligations of the Purchaser under this Agreement shall end except for those expressly stated to continue without limit in time, but (for the avoidance of doubt) all rights and liabilities of parties which have accrued before termination shall continue to exist.
- 9.4 If, following Completion, the Purchaser becomes aware that there has been any breach of the Warranties or any other term of this Agreement, the Purchaser shall not be entitled to terminate this Agreement but shall be entitled to claim damages or exercise any other right, power or remedy under this Agreement or as otherwise provided by law.

10. Intellectual Property and Business Information

- 10.1 Without prejudice to paragraph 11 of Schedule 3 (*Representations and Warranties*), if the Seller or a member of the Retained Group owns after Completion any Intellectual Property or rights in Business Information which are necessary for the business of the Group the Seller shall procure that such Intellectual Property and/or rights in Business Information are transferred or licensed to the Purchaser or a company nominated by the Purchaser for nominal consideration as soon as practicable after becoming aware of the ownership of such rights.
- 10.2 Without prejudice to paragraph 11 of Schedule 3 (*Representations and Warranties*), the Seller hereby grants, and shall procure the grant by each relevant member of the Retained Group, (with effect from Completion) to the Purchaser a non-exclusive, perpetual, irrevocable, worldwide, assignable, royalty-free licence (with the right to sub-

license) of all Intellectual Property and rights in Business Information owned by the Seller or a member of the Retained Group which relates (but not exclusively) to the business of the Group.

11. Effect of Completion

- 11.1 Any provision of this Agreement and any other documents referred to in it which is capable of being performed after but which has not been performed at or before Completion and all Warranties, covenants and other undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.

12. Remedies and waivers

- 12.1 No delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall:

- (A) affect that right, power or remedy; or
- (B) operate as a waiver of it.

- 12.2 The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.

- 12.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

13. Assignment

- 13.1 Neither the Purchaser nor the Seller may assign, or purport to assign, all or any part of the benefit of, or its rights or benefits under, this Agreement or any other Share Purchase Document (together with any causes of action arising in connection with any of them) without the prior written consent of the other party.

14. Further assurance

- 14.1 Each of the parties agrees to perform (or procure the performance of) all further acts and/or execute (or procure the execution of) all further documents as may be required by law or as the other party may reasonably require, whether on or after Completion, to implement and/or give full effect to the Share Purchase Documents and for the purpose of vesting in the relevant party the full benefit of the rights, powers and remedies conferred upon such party under the Share Purchase Documents.

15. Entire agreement

- 15.1 The Share Purchase Documents constitute the whole and only agreement between the parties relating to the sale and purchase of the Shares.

- 15.2 Except in the case of fraud, each party acknowledges that in entering into the Share Purchase Documents it is not relying upon any other pre contractual statement which is not repeated in them.
- 15.3 Except in the case of fraud, no party shall have any right of action against any other party to this Agreement arising out of or in connection with any pre contractual statement except to the extent that it is repeated in the Share Purchase Documents.
- 15.4 For the purposes of this clause 15, “pre contractual statement” means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of the Share Purchase Documents made or given by any person at any time prior to this Agreement becoming legally binding.
- 15.5 This Agreement may only be varied in writing signed by each of the parties.

16. Notices

- 16.1 Except where expressly stated otherwise, a notice under this Agreement shall only be effective if it is in writing. E-mail is permitted.
- 16.2 Notices under this Agreement shall be sent to a party at its address or number and e-mail address and for the attention of the individuals set out below:

<u>Party</u>	<u>Address</u>	<u>For the attention of</u>	<u>E-mail address</u>
Seller	its registered office from time to time	Company secretary	co.sec@pccw.com
Purchaser	its registered office from time to time	Company secretary	cosec@hkt.com

Provided that a party may change its notice details on giving notice to the other party of the change in accordance with this clause 16. That notice shall only be effective on the day falling three clear Business Days after the notification has been received or such later date as may be specified in the notice.

- 16.3 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given as follows:
- (A) if delivered personally, on delivery;
 - (B) if sent by post, two clear Business Days after the date of posting; and
 - (C) if sent by e-mail, when sent.
- 16.4 Any notice given under this Agreement outside Working Hours in the place to which it is addressed shall be deemed not to have been given until the start of the next period of Working Hours in such place.

17. Announcements

- 17.1 No announcement or disclosure concerning the existence or subject matter of this Agreement or any ancillary matter shall be made by any party without the prior approval of the other party (such approval not to be unreasonably withheld or delayed). This sub-clause does not apply to the exceptions described in sub-clause 17.2 and sub-clause 17.3.
- 17.2 Where any announcement or disclosure is required by law or by any stock exchange or governmental or regulatory body or authority of competent jurisdiction to which the party making the announcement or disclosure is subject, whether or not having the force of law, the party making the announcement or disclosure will so far as practicable consult with the other party in advance on the content of the announcement or disclosure.
- 17.3 Sub-clause 17.1 does not apply to the Signing Announcements.
- 17.4 The restrictions contained in this clause 17 shall continue to apply after Completion or the termination of this Agreement without limit in time.

18. Confidentiality

- 18.1 Subject to clause 17 (*Announcements*) and sub-clause 18.2, each party shall treat as confidential all information obtained as a result of entering into or performing the Share Purchase Documents (or any agreement entered into pursuant to this Agreement) which relates to the existence of, the provisions of or the negotiations relating to the Share Purchase Documents and any agreement entered into pursuant to this Agreement; or the other party.
- 18.2 Notwithstanding the provisions of sub-clause 18.1, a party may disclose any such confidential information:
- (A) If and to the extent required by applicable law of any relevant jurisdiction or for the purposes of any judicial proceedings;
 - (B) if and to the extent required by existing contractual obligations;
 - (C) if and to the extent required by any securities exchange or regulatory or governmental body to which that party is subject, whether or not the requirement for information has the force of law;
 - (D) if and to the extent required to vest the full benefit of any Share Purchase Document (or any agreement entered into pursuant to this Agreement) in that party;
 - (E) to its professional advisers and auditors on a need to know basis and provided they have a duty to keep such information confidential;
 - (F) if and to the extent that the information has come into the public domain through no fault of that party; or

- (G) if and to the extent that the other party has given prior written consent to the disclosure, such consent not to be unreasonably withheld or delayed.

Any information disclosed pursuant to sub-clause 18.2(A), (B) or (C) shall be disclosed only after consultation with the other party.

- 18.3 The restrictions contained in this clause 18 shall continue to apply after Completion or the termination of this Agreement without limit in time.

19. Costs and expenses

- 19.1 Except as otherwise stated in this Agreement, each party shall pay its own costs and expenses in relation to the negotiations leading up to the sale and purchase of the Shares and the preparation, execution and carrying into effect of this Agreement, any other Share Purchase Document and all other documents referred to in this Agreement. The Seller confirms that no expense of whatever nature relating to the sale and purchase of the Shares has been or is to be borne by any member of the Group. For the avoidance of doubt, the stamp duty costs arising from the sale and purchase of the Shares contemplated by this Agreement shall be shared by the parties equally.

20. Counterparts

- 20.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart.
- 20.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

21. Invalidity

- 21.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:
- (A) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (B) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

22. Contracts (Rights of Third Parties) Ordinance

- 22.1 The parties to this Agreement do not intend that any term of this Agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong), by any person who is not a party to this Agreement. The terms of this Agreement are intended solely for the benefit of each party to this Agreement.

23. Choice of governing law

23.1 This Agreement is to be governed by and construed in accordance with the laws of Hong Kong. Any matter, claim or dispute arising out of or in connection with this Agreement is to be governed by and determined in accordance with the laws of Hong Kong.

24. Jurisdiction

24.1 The courts of Hong Kong are to have exclusive jurisdiction to settle any matter, claim or dispute arising out of or in connection with this Agreement. Any proceeding, suit or action arising out of or in connection with this Agreement shall be brought in the courts of Hong Kong.

24.2 Each party irrevocably submits and agrees to submit to the jurisdiction of the courts of Hong Kong.

IN WITNESS WHEREOF, this Agreement has been executed by or on behalf of the parties on the date first above written.

Schedule 1
(Conditions to Completion)

1. Pre-Completion Restructuring

The completion of the Pre-Completion Restructuring (together with the payment of all stamp duty and other relevant duties and taxes payable in respect of the Pre-Completion Restructuring at the cost and expense of the Seller).

2. Services Agreements

The Services Agreements being in agreed form, such agreements to be entered into between the relevant members of the Purchaser's Group and the Retained Group on the Completion Date.

3. Consents, approvals and waivers

All necessary consents, approvals and/or waivers having been obtained and maintained in full force and effect (i) under applicable laws, rules and regulations and/or licences held by or necessary for the business of the Group; and (ii) under any contract to which any member of the Group is a party and which is material to the business, financial position or operations of the Group.

4. Consent from PCCW Limited under the Non-Compete Agreement

PCCW Limited having provided an irrevocable consent under the Non-Compete Agreement to allow the Purchaser's Group to conduct the business of providing pay television services in a form agreed between the parties.

5. Compliance with clause 4 (Conduct of business before Completion)

The Seller having complied fully with its obligations in clause 4 (*Conduct of business before Completion*).

Schedule 2
(Completion arrangements)

Part A (Seller's obligations)

At Completion, the Seller shall:

1. Deliver to the Purchaser:
 - (A) duly executed instruments of transfers in respect of the Shares in favour of the Purchaser and share certificates for the Shares in the name of the Purchaser;
 - (B) such waivers or consents as the Purchaser may require to enable the Purchaser to be registered as holder of the Shares;
 - (C) a copy of the board minutes of the Seller or an extract thereof authorising the execution and performance by the Seller of its obligations under this Agreement (or any agreement to be entered into pursuant to this Agreement) (certified by a director or company secretary of the Seller as true and correct); and
 - (D) counterparts of each of the Services Agreements in the agreed form, duly executed by the Seller or a relevant member of the Retained Group (as applicable).
2. Deliver to the Purchaser (or make available to the Purchaser at the registered office of the relevant member of the Group) such of the following as the Purchaser may require: the statutory books (which shall be written up to but not including the Completion Date), the certificate of incorporation (and any certificate of incorporation on change of name) and common seal (if any) of each member of the Group and share certificates in respect of all the issued share capital of each Subsidiary (together with duly executed transfers in respect of any shares in any of the Subsidiaries not held by the Company, insofar as they are not held by or to the order of a member of the Group).
3. Procure the Company to deliver to the Purchaser a copy of the board minutes of the Company or an extract thereof approving the sale and purchase of the Shares, the registration of the Purchaser as the registered holder of the Shares in the register of members and the revoking of all existing instructions to banks and the giving of new instructions to such banks in such form as the Purchaser may direct (certified by a director or company secretary of the Company as true and correct).

Part B (Purchaser's obligations)

At Completion, the Purchaser shall:

1. Pay to the Seller by way of telegraphic transfer the total consideration payable, in either U.S. dollars or Hong Kong dollars, in respect of the Shares in such bank account as designated by the Seller.
2. Deliver to the Seller:

- (A) a copy of the board minutes of the Purchaser or an extract thereof authorising the execution and performance by the Purchaser of its obligations under this Agreement (or any agreement to be entered into pursuant to this Agreement) (certified by a director or company secretary of the Purchaser as true and correct); and
- (B) counterparts of each of the Services Agreements in the agreed form, duly executed by the Purchaser or a member of the Purchaser's Group (as applicable).

Part C (General)

All documents and items delivered at Completion pursuant to this Schedule 2 (*Completion arrangements*) shall be held by the recipient to the order of the person delivering the same until such time as Completion shall be deemed to have taken place. Simultaneously with:

- (A) delivery of all documents and all items required to be delivered at Completion in accordance with this Schedule 2 (or waiver of the delivery of it by the person entitled to receive the relevant document or item); and
- (B) receipt of an electronic funds transfer by the Seller of an amount equal to the total consideration payable in respect of the Shares in accordance with Part B above,

the documents and items delivered in accordance with this Schedule shall cease to be held to the order of the person delivering them and Completion shall be deemed to have taken place.

Schedule 3
(Representations and Warranties)

1. Ownership of the Shares

- 1.1 (a) As at the date of this Agreement, the Seller is the sole beneficial owner of the Shares and the legal owner of 3,500,000,096 ordinary shares, 1 "A" class shares and 4 "B" class shares of the Company and PCCW Nominees Limited is the legal owner of 1 ordinary share of the Company;
- (b) As at Completion the Seller will be the sole beneficial and legal owner of the Shares.
- 1.2 There is no option, right to acquire, mortgage, charge, pledge, lien or other form of security or encumbrance or equity on, over or affecting the Shares or any of them and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.

2. Capacity of the Seller

- 2.1 The Seller is validly incorporated, in existence and duly registered and has the requisite capacity, power and authority to enter into and perform this Agreement and to execute, deliver and perform any obligations it may have under each document to be delivered by the Seller at Completion.
- 2.2 The obligations of the Seller under this Agreement constitute, and the obligations of the Seller under each document to be delivered by the Seller at Completion will when delivered constitute, binding obligations of the Seller in accordance with their respective terms.
- 2.3 The execution and delivery of, and the performance by the Seller of its obligations under, this Agreement and each document to be delivered by the Seller at Completion will not:
- (A) result in a breach of any provision of the memorandum or articles of association of the Seller;
- (B) result in a breach of, or constitute a default under, any instrument by which the Seller is bound;
- (C) result in a breach of any statute, law, rule, regulation, order, judgment or decree of any court or governmental agency by which the Seller is bound; or
- (D) require the consent of the shareholders of the Seller or of any other person.

3. Group structure and corporate matters

- 3.1 The Shares and all shares in any other member of the Group comprise the whole of the issued and allotted share capital of each such company and have been validly issued and allotted and are fully paid up.
- 3.2 Part B of Attachment 1 (*Basic information about the Subsidiaries*) lists all the Subsidiaries of the Company, each of which has been duly incorporated and is validly existing.
- 3.3 The information given in Part A of Attachment 1 (*Basic information about the Company*) and Part B of Attachment 1 (*Basic information about the Subsidiaries*) is true and accurate in all respects and is not misleading because of any omission or ambiguity or for any other reason.
- 3.4 There is no agreement or commitment outstanding which calls for the allotment, issue or transfer of, or accords to any person the right to call for the allotment, issue or transfer of, any shares (including the Shares) or debentures in or securities of any member of the Group.
- 3.5 The statutory books (including all registers and minute books and for the avoidance of doubt, the accounting records) of each member of the Group have been properly kept and contain an accurate and complete record of the matters which should be dealt with in those books and no notice or allegation that any of them is incorrect or should be rectified has been received.
- 3.6 All documents which should have been delivered by any member of the Group to the Hong Kong Companies Registry have been properly so delivered.

4. Accuracy and adequacy of information

- 4.1 The information given in the Disclosure Letter (including any of its attachments) and the information which is stated in the Disclosure Letter to have been disclosed to the Purchaser is true and accurate in all material respects and is not misleading because of any omission or ambiguity or for any other reason. All expressions of opinion or expectation contained in the Disclosure Letter are reasonable and are based on reasonable assumptions and are truly and honestly held. The documents attached to or stated in the Disclosure Letter to be disclosed by virtue thereof are, where copies, true and accurate copies of the originals thereof.

5. Accounts

- 5.1 The Accounts:
- (A) were prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accounts and/or other applicable generally accepted accounting principles and financial reporting and accounting standards in Hong Kong at the time they were prepared;

- (B) show a true and fair view of the state of affairs of members of the Group to which they relate, and of the Group as a whole, at the date to which they are made up; and of the profits or losses of members of the Group to which they relate, and of the Group as a whole, for the accounting period to which the Accounts relate; and
- (C) except as the Accounts expressly disclose, are not affected by any unusual or non-recurring items.

5.2 The accounting records of each member of the Group have been kept in a proper and consistent basis (no change in the methods or bases of valuation or accountancy treatment having been made for at least six years prior to the Accounts Date or since), are up-to-date and contain complete and accurate details of the business activities of the member of the Group concerned and of all matters required by the Companies Ordinance (Cap.622 of the Laws of Hong Kong) to be entered in them at the time such accounting records were prepared.

6. Events since the Accounts Date

6.1 Since the Accounts Date:

- (A) there has been no material adverse change in the financial or trading position or prospects of any member of the Group;
- (B) the business of each member of the Group has been carried on in the ordinary and usual course and in the same manner as in the past;
- (C) no resolution in general meeting or written resolution of shareholders of any member of the Group has been passed other than resolutions relating to the routine business of annual general meetings; and
- (D) no change in the accounting reference period of any member of the Group has been made.

7. Contracts and commitments

- 7.1 No member of the Group is under any material obligation, nor is it a party to any contract, which (i) cannot readily be fulfilled or performed on time and (ii) the non-compliance or non-performance of which cannot be remedied by it without undue or unusual expenditure of money.
- 7.2 No member of the Group is a party to or has any liability (present or future) under any guarantee or indemnity or letter of credit or has entered into any contract or commitment involving, or likely to involve, obligations or expenditure of an unusual or exceptional nature or magnitude other than in the ordinary course of business of the Group.
- 7.3 No member of the Group is a party to a contract or arrangement which restricts, other than in the ordinary course of business of the Group, its freedom to carry on its business in such manner as it may think fit.

7.4 No member of the Group has, other than in the ordinary course of business of the Group, given any guarantee, indemnity, warranty, or made any representation, in respect of goods or services supplied or contracted to be supplied by it or accepted any liability or obligation that would apply after any such goods or services had been supplied by it.

7.5 Other than as set out in the Disclosure Letter, no member of the Group nor the Seller is aware of any breach, invalidity, or grounds for determination, rescission, avoidance or repudiation of any contract to which any member of the Group is a party that has caused or is reasonably expected to cause any material adverse impact to the Group or of any allegation of such a thing.

8. Insolvency

8.1 No order has been made, no petition has been presented, no notice has been given, no meeting has been convened to consider a resolution and no resolution has been passed for the winding up of any member of the Group.

8.2 No administration order has been made or petition presented or application made for such an order and no administrator has been appointed in respect of any member of the Group.

8.3 No receiver has been appointed in respect of any member of the Group or all or any of its assets.

8.4 No arrangement with any of its creditors (including but not limited to a voluntary arrangement or scheme of arrangement) has been proposed or entered into in respect of any member of the Group. No member of the Group has commenced negotiations with any of its creditors with a view to rescheduling any of its indebtedness.

8.5 No member of the Group is insolvent, or unable to pay its debts, or has stopped paying its debts, as they fall due.

8.6 The value of the assets of any member of the Group is not less than the amount of its liabilities, taking into account its contingent and prospective liabilities.

9. Licences

9.1 All licences, consents and other permissions and approvals required for or in connection with the carrying on of the business now being carried on by each member of the Group have been obtained and are in full force and effect.

9.2 No written notice has been received by any member of the Group that any such licence, consent, permission or approval will, subject to compliance with applicable law, rules, regulations and policies, be revoked.

9.3 Each member of the Group has complied with all material terms and conditions of each licence, consent, permission and approval which it has obtained for or in connection with the carrying on of its business now being carried on, including but not limited to the Domestic Pay Television Programme Service Licence held by the Company, and there

are no enquiries or investigations existing, pending or threatened in relation to any member of the Group by any regulatory authority which has caused or is reasonably expected to cause any material adverse impact on the Group.

10. Litigation and claims

- 10.1 Other than as set out in the Disclosure Letter, no member of the Group is engaged in any litigation, arbitration or other dispute resolution process, or administrative or criminal proceedings, whether as claimant, defendant or otherwise which has caused or is reasonably expected to cause any material adverse impact on the Group.
- 10.2 Other than as set out in the Disclosure Letter, no notification of any litigation, arbitration or other dispute resolution process, or administrative or criminal proceedings by or against any member of the Group which would be reasonably expected to cause any material adverse impact on the Group has been received or is pending, threatened or expected. So far as the Seller is aware, there is no fact or circumstance likely to give rise to any litigation, arbitration, mediation or administrative or criminal proceedings which would be reasonably expected to cause any material adverse impact on the Group.

11. Intellectual Property and Business Information

- 11.1 Each member of the Group is the legal and beneficial owner of, or a licensee with a contractual right to use or benefit from, all the Intellectual Property and rights in Business Information used in, for the benefit of, or necessary to carry on the business conducted by that member of the Group in the manner currently carried on and to fulfil any existing plans or proposals, and such right to or use of Intellectual Property or Business Information used in the conduct of its business will not be adversely affected by the consummation of the transactions contemplated in this Agreement.
- 11.2 All renewal, application and other official registry fees and steps required for the maintenance, protection and enforcement of the Intellectual Property owned by any member of the Group which is material to the business of the Group have been paid or taken as and when it is necessary.
- 11.3 The Intellectual Property owned by the Group is valid, subsisting and enforceable.
- 11.4 To the best knowledge of the directors of the Company, no third party is infringing or making unauthorised use of (and has not infringed or made unauthorised use of) any Intellectual Property or rights in Business Information owned by any member of the Group (or owned by any member of the Retained Group and relating to the business of any member of the Group).
- 11.5 To the best knowledge of the directors of the Company and other than as set out in the Disclosure Letter, the activities of the Group do not infringe or make unauthorised use of, (and have not infringed or made unauthorised use of) the Intellectual Property or rights in information of any third party.
- 11.6 Other than as set out in the Disclosure Letter, the Intellectual Property and rights in Business Information owned by any member of the Group (or owned by any member of

the Retained Group and used by, or for the benefit of, any member of the Group) are not (and have not been) the subject of any litigation or dispute, claim, opposition or administrative proceeding which would be reasonably expected to cause any material adverse impact on the Group and no such litigation or dispute, claim, opposition or administrative proceeding is expected or likely to the best knowledge of the directors of the Company.

- 11.7 Other than in the ordinary course of business of the Group, no member of the Group is restricted from freely using and/or from disclosing any Business Information relating to the business of any member of the Group whether pursuant to an agreement, duty or otherwise.

12. Data Protection

- 12.1 Each member of the Group complies in full with, and has in place all necessary registrations and procedures under, the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

13. Taxation

- 13.1 No member of the Group has any liability in respect of taxation (whether actual or contingent) that is not fully provided for in the Accounts.
- 13.2 Each member of the Group has duly paid all taxation due and payable by it prior to the date of this Agreement.
- 13.3 Each member of the Group has filed all tax returns which are required by applicable law and supplied all other tax documents required to be supplied to all relevant tax authorities within the requisite time limits and each member of the Group has complied with all notices served on it by any tax authority.
- 13.4 Except for the transactions contemplated or referred to under this Agreement, since the Accounts Date, no member of the Group has been involved in any transaction which has given or will give rise to a material liability to taxation on such member of the Group other than in the ordinary course of business.
- 13.5 No member of the Group is involved in any dispute or disagreement with any tax authority as at the date of this Agreement and so far as the Seller is aware, there is no fact or circumstance which is likely to give rise to such dispute or disagreement.
- 13.6 So far as the Seller is aware, all exemptions, reductions and rebates of taxes granted by any tax authority to any member of the Group for the purpose of carrying out its business activities are in full force and effect and have not been terminated.

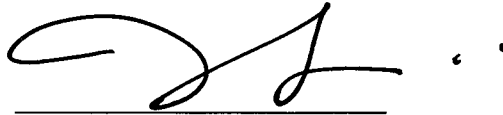
**Schedule 4
(Services Agreements)**

	Parties	Agreement / Service Description
1	A member of the Purchaser's Group (as service provider) and a member of the Retained Group (as service recipient)	Technical, administrative, manpower and other business and operational support services
2	A member of the Purchaser's Group (as service recipient) and a member of the Retained Group (as service provider)	Technical, administrative, manpower and other business and operational support services
3	A member of the Purchaser's Group (as service provider) and a member of the Retained Group (as service recipient)	Content services
4	A member of the Purchaser's Group (as service provider) and a member of the Retained Group (as service recipient)	Marketing and sales services

SIGNATURE PAGE FOR THE SALE AND PURCHASE AGREEMENT

SIGNED for and on behalf of
**PCCW INTERACTIVE MEDIA
HOLDINGS LIMITED**

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A handwritten signature in black ink, appearing to be 'J. Lee', is written over a horizontal line. There are two small dots to the right of the signature.

By
Name: Lee Hoi Yee, Janice
Title: Director

SIGNED for and on behalf of
**HKT INTERACTIVE MEDIA
HOLDINGS LIMITED**

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By
Name: Hui Hon Hing, Susanna
Title: Director

SIGNATURE PAGE FOR THE SALE AND PURCHASE AGREEMENT

SIGNED for and on behalf of
**PCCW INTERACTIVE MEDIA
HOLDINGS LIMITED**

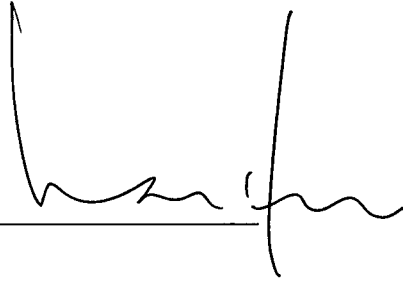
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By
Name: Lee Hoi Yee, Janice
Title: Director

SIGNED for and on behalf of
**HKT INTERACTIVE MEDIA
HOLDINGS LIMITED**

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By
Name: Hui Hon Hing, Susanna
Title: Director



Attachment 1
Part A
(Basic information about the Company)

1.	Name	:	PCCW Media Limited
2.	Registered number	:	606607
3.	Date of incorporation	:	5 May 1997
4.	Place of incorporation	:	Hong Kong
5.	Type of company	:	Private limited company
6.	Address of registered office	:	41 st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
7.	Issued shares	:	3,500,000,102 shares, comprising 3,500,000,097 ordinary shares, 1 "A" class share and 4 "B" class shares
8.	Registered shareholders (and shareholding)	:	1. PCCW Interactive Media Holdings Limited (3,500,000,096 ordinary shares, 1 "A" class share and 4 "B" class shares) 2. PCCW Nominees Limited (1 ordinary share)
9.	Directors	:	1. Lee Hoi Yee, Janice 2. Chan Hung Wai, Andrew John 3. David Christopher Chance
10.	Company secretary	:	PCCW Secretaries Limited
11.	Accounting reference date	:	31 December
12.	Auditors	:	KPMG
13.	Tax residence	:	Hong Kong
14.	Mortgages and charges	:	Nil

Attachment 1
Part B
(Basic information about the Subsidiaries and Joint Venture)

1. Subsidiaries

(A) now Productions Limited

1.	Name	:	now Productions Limited
2.	Registered number	:	1819218
3.	Date of incorporation	:	31 October 2012
4.	Place of incorporation	:	Hong Kong
5.	Type of company	:	Private limited company
6.	Address of registered office	:	41 st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
7.	Issued shares	:	1 ordinary share
8.	Registered shareholders (and shareholding)	:	PCCW Media Limited (1 ordinary share)
9.	Directors	:	1. Hui Hon Hing, Susanna 2. Lee Hoi Yee, Janice
10.	Company secretary	:	PCCW Secretaries Limited
11.	Accounting reference date	:	31 December
12.	Auditors	:	KPMG
13.	Tax residence	:	Hong Kong
14.	Mortgages and charges	:	Nil

(B) PCCW Content Limited

1.	Name	:	PCCW Content Limited
2.	Registered number	:	2311574

3.	Date of incorporation	:	25 November 2015
4.	Place of incorporation	:	Hong Kong
5.	Type of company	:	Private limited company
6.	Address of registered office	:	41 st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
7.	Issued shares	:	1 ordinary share
8.	Registered shareholders (and shareholding)	:	PCCW Media Limited (1 ordinary share)
9.	Directors	:	1. Lee Hoi Yee, Janice 2. Chan Hung Wai, Andrew John
10.	Company secretary	:	PCCW Secretaries Limited
11.	Accounting reference date	:	31 December
12.	Auditors	:	KPMG
13.	Tax residence	:	Hong Kong
14.	Mortgages and charges	:	Nil

(C) Now Jelli Media Limited

1.	Name	:	Now Jelli Media Limited
2.	Registered number	:	2231903
3.	Date of incorporation	:	30 April 2015
4.	Place of incorporation	:	Hong Kong
5.	Type of company	:	Private limited company
6.	Address of registered office	:	41 st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
7.	Issued shares	:	10,000 ordinary shares
8.	Registered shareholders (and shareholding)	:	1. PCCW Media Limited (5,000 ordinary shares) 2. Blue Horizon Global Media and Communications Limited (5,000 ordinary shares)

9.	Directors	:	1. Lee Hoi Yee, Janice 2. Chan Hung Wai, Andrew John 3. Choi Wai Kin 4. Pei Shushu 5. Qiu Yuanyuan 6. Li Hanchun
10.	Company secretary	:	PCCW Secretaries Limited
11.	Accounting reference date	:	31 December
12.	Auditors	:	KPMG
13.	Tax residence	:	Hong Kong
14.	Mortgages and charges	:	Nil

(D) All's Well Media Company Limited

1.	Name	:	All's Well Media Company Limited
2.	Registered number	:	1708158
3.	Date of incorporation	:	21 February 2012
4.	Place of incorporation	:	Hong Kong
5.	Type of company	:	Private limited company
6.	Address of registered office	:	41 st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
7.	Issued shares	:	40,000 ordinary shares
8.	Registered shareholders (and shareholding)	:	1. PCCW Media Limited (14,008 ordinary shares) 2. HUAYI BROTHERS INTERNATIONAL LIMITED (8,664 ordinary shares) 3. SHINE FOCUS LIMITED (8,664 ordinary shares) 4. EDKO FILMS LIMITED (8,664 ordinary shares)
9.	Directors	:	1. Lee Hoi Yee, Janice 2. Chan Hung Wai, Andrew John 3. Leung May Ling Mamie 4. Chan Ho Sun, Peter 5. Kong Chi Keung 6. Wang Zhong Lei 7. Hu Junyi (as alternate to Wang Zhong Lei)

10.	Company secretary	:	PCCW Secretaries Limited
11.	Accounting reference date	:	31 December
12.	Auditors	:	KPMG
13.	Tax residence	:	Hong Kong
14.	Mortgages and charges	:	Nil

2. Joint Venture

(A) now Super Sports Media Limited

1.	Name	:	now Super Sports Media Limited
2.	Registered number	:	2117755
3.	Date of incorporation	:	8 July 2014
4.	Place of incorporation	:	Hong Kong
5.	Type of company	:	Private limited company
6.	Address of registered office	:	41 st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
7.	Issued shares	:	8,000,000 ordinary shares
8.	Registered shareholders (and shareholding)	:	1. PCCW Media Limited (4,000,000 ordinary shares) 2. Super Sports Media, Inc. (4,000,000 ordinary shares)
9.	Directors	:	1. Lee Hoi Yee, Janice 2. Chan Hung Wai, Andrew John 3. Yu Lingxiao 4. Li Jianguang
10.	Company secretary	:	Kompliance Limited
11.	Accounting reference date	:	31 December
12.	Auditors	:	KPMG
13.	Tax residence	:	Hong Kong
14.	Mortgages and charges	:	Nil

Attachment 2
(Form of Signing Announcements)

The Signing Announcements will contain details of this Agreement substantially in the form as set out below:

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.



HKT Trust

(a trust constituted on November 7, 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)

INSIDE INFORMATION CONNECTED TRANSACTION PROPOSED ACQUISITION OF PCCW MEDIA LIMITED OPERATOR OF THE “NOW TV” BUSINESS

Reference is made to the announcement made by PCCW today in relation to, among others, the Proposed Acquisition.

On August 6, 2020 (after market close), HKT Interactive Media, an indirect wholly-owned subsidiary of HKT, entered into the Share Purchase Agreement with PCCW Interactive Media, an indirect wholly-owned subsidiary of PCCW, in relation to the sale by PCCW Interactive Media to HKT Interactive Media of the entire issued share capital of PCCW Media for a Consideration of US\$250 million (or HK\$1,950 million based on the Agreed Exchange Rate). The PCCW Media Group operates the “Now TV” business, which is a leading pay-television service provider in Hong Kong, offering a wide range of local and international content through linear TV channels, on-demand and apps.

Completion of the Proposed Acquisition is subject to the fulfilment or waiver of the conditions precedent specified in the Share Purchase Agreement and summarised below in the section headed “Conditions Precedent” in this announcement.

Listing Rules Implications

PCCW is the controlling shareholder of the Share Stapled Units. Accordingly, PCCW is a connected person of HKT and the HKT Trust under Chapter 14A of the Listing Rules. PCCW Interactive Media is an indirect wholly-owned subsidiary of PCCW and therefore also a connected person of HKT and the HKT Trust under Chapter 14A of the Listing Rules. As the Proposed Acquisition will be conducted on normal commercial terms and all of the applicable percentage ratios for HKT and the HKT Trust in respect of the Proposed Acquisition are less than 5%, the Proposed Acquisition is subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. The Proposed Acquisition is not a notifiable transaction for HKT and the HKT Trust under Chapter 14 of the Listing Rules as all the applicable percentage ratios for HKT and the HKT Trust in respect of the Proposed Acquisition are less than 5%.

Holders of the Share Stapled Units and potential investors should note that completion of the Proposed Acquisition is subject to a number of conditions precedent. There is no assurance that the Proposed Acquisition will take place or as to when it may take place. Holders of the Share Stapled Units and potential investors should therefore exercise caution when dealing in or investing in the Share Stapled Units.

INTRODUCTION

This announcement is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Listing Rules.

On August 6, 2020 (after market close), HKT Interactive Media, an indirect wholly-owned subsidiary of HKT, entered into the Share Purchase Agreement with PCCW Interactive Media, an indirect wholly-owned subsidiary of PCCW, in relation to the sale by PCCW Interactive Media to HKT Interactive Media of the entire issued share capital of PCCW Media for a Consideration of US\$250 million (or HK\$1,950 million based on the Agreed Exchange Rate). The PCCW Media Group operates the “Now TV” business, which is a leading pay-television service provider in Hong Kong, offering a wide range of local and international content through linear TV channels, on-demand and apps.

THE SHARE PURCHASE AGREEMENT

Date

August 6, 2020

Parties

- (1) HKT Interactive Media, as purchaser.
- (2) PCCW Interactive Media, as seller.

Proposed sale and purchase of the entire issued share capital of PCCW Media

The Share Purchase Agreement provides for the sale by PCCW Interactive Media and the purchase by HKT Interactive Media of the entire issued share capital of PCCW Media. The PCCW Media Group operates the “Now TV” business, which is a leading pay-television service provider in Hong Kong, offering a wide range of local and international content through linear TV channels, on-demand and apps.

Upon Completion, PCCW Media will become a wholly-owned subsidiary of HKT Interactive Media and an indirect wholly-owned subsidiary of HKT, and PCCW Interactive Media will cease to have any interest in the PCCW Media Group.

Consideration

The Consideration payable by HKT Interactive Media under the Share Purchase Agreement for the Proposed Acquisition is US\$250 million (or HK\$1,950 million based on the Agreed Exchange Rate), payable at Completion in cash.

The Consideration was determined by the Parties following arm's length negotiation, taking into consideration the historical and expected financial results of the PCCW Media Group as well as market valuations of companies operating in the same or similar industry.

Conditions precedent

Completion of the Proposed Acquisition is subject to the fulfilment or waiver of the following conditions precedent:

- (1) completion of the Restructuring;
- (2) service agreements in relation to certain technical, support and marketing services having been entered into between the relevant members of the HKT Group and the PCCW Interactive Media Group;
- (3) all necessary consents, approvals and/or waivers having been obtained and maintained in full force and effect (i) under applicable laws, rules and regulations and/or licences held by or necessary for the business of the PCCW Media Group; and (ii) under any contract to which any member of the PCCW Media Group is a party and which is material to the business, financial position or operations of the PCCW Media Group;
- (4) PCCW having provided an irrevocable consent under the Non-Compete Agreement to allow the HKT Group to conduct the business of providing pay television services; and
- (5) PCCW Interactive Media having complied fully with its obligations in relation to the conduct of the business of the PCCW Media Group in the ordinary and usual course before Completion.

If any of the above conditions precedent are not fulfilled or waived on or before the date falling four months after the date of the Share Purchase Agreement or such later date as the Parties may agree, the Share Purchase Agreement shall be capable of termination by either Party forthwith on written notice to the other.

FURTHER INFORMATION ON THE PCCW MEDIA GROUP

The unaudited pro-forma consolidated earnings before interest income, finance costs, income tax, depreciation and amortization and net other gains/losses ("EBITDA") of the PCCW Media Group for each of the financial years ended December 31, 2018 and December 31, 2019 were HK\$527 million and HK\$513 million respectively.

The unaudited pro-forma consolidated profit before taxation and net profit after taxation of the PCCW Media Group were HK\$98 million and HK\$75 million respectively for the financial year ended December 31, 2018 and HK\$62 million and HK\$41 million respectively for the financial year ended December 31, 2019.

The unaudited pro-forma consolidated net asset value of the PCCW Media Group, adjusted for intra-group balances, was approximately HK\$2,145 million as at December 31, 2019.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Directors consider that the Proposed Acquisition will increase synergies and bring about the following benefits:

- (1) Creation of Hong Kong's sole genuine quadruple play services provider – with the acquisition of the “Now TV” business operated by PCCW Media, which is a leading pay-television service provider in Hong Kong, HKT will be able to position itself after Completion as the sole genuine quadruple-play services provider in Hong Kong, capable of providing a seamless user experience across fixed line, broadband, mobile and pay-television services;
- (2) Enriched product offering – “Now TV” will be able to work more closely with the broadband and mobile businesses of HKT and deliver an enriched total offering of connectivity and content to better serve the needs and interests of customers;
- (3) Enhanced cross-selling of services – within the HKT Group as enlarged as a result of the Proposed Acquisition, the cross selling of services between broadband, mobile and pay-television by common channels will be enhanced, which is expected to lead to higher conversion rates as well as higher customer satisfaction and strengthened customer retention; and
- (4) Improved operating efficiencies – the integration of the network, sales teams as well as certain corporate functions as a result of the Proposed Acquisition is expected to generate business synergies and yield improved operating efficiencies, thereby resulting in enhanced customer experience and business productivity.

Based on the above, the Directors (including the independent non-executive Directors) believe that the terms of the Proposed Acquisition are fair and reasonable, on normal commercial terms, and in the interests of HKT and the HKT Trust and the holders of the Share Stapled Units as a whole.

INFORMATION ON THE PARTIES

HKT Interactive Media is an indirect wholly-owned subsidiary of HKT.

The HKT Trust, a trust constituted on November 7, 2011 under the laws of Hong Kong and managed by the Trustee-Manager, has been established as a fixed single investment trust, with its activities being limited to investing in HKT and anything necessary or desirable for or in connection with investing in HKT.

The principal activities of HKT and its subsidiaries 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. HKT and its subsidiaries operate primarily in Hong Kong, and also serve customers in mainland China and other parts of the world.

PCCW Interactive Media is an indirect wholly-owned subsidiary of PCCW.

The principal activities of PCCW and its subsidiaries 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; 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, PCCW also operates a domestic free television service in Hong Kong.

LISTING RULES IMPLICATIONS

PCCW is the controlling shareholder of the Share Stapled Units. Accordingly, PCCW is a connected person of HKT and the HKT Trust under Chapter 14A of the Listing Rules. PCCW Interactive Media is an indirect wholly-owned subsidiary of PCCW and therefore also a connected person of HKT and the HKT Trust under Chapter 14A of the Listing Rules. As the Proposed Acquisition will be conducted on normal commercial terms and all of the applicable percentage ratios for HKT and the HKT Trust in respect of the Proposed Acquisition are less than 5%, the Proposed Acquisition is subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Proposed Acquisition is not a notifiable transaction for HKT and the HKT Trust under Chapter 14 of the Listing Rules as all the applicable percentage ratios for HKT and the HKT Trust in respect of the Proposed Acquisition are less than 5%.

GENERAL

Certain Directors are also directors of PCCW in addition to having interests in the shares of PCCW, as disclosed in their publicly available filings made under Part XV of the Securities and Futures Ordinance. Apart from those interests, no Directors have a material interest in the Proposed Acquisition and no Directors were required to abstain from voting on the board resolutions of HKT and the Trustee-Manager to approve the Proposed Acquisition. Notwithstanding the foregoing, Mr. Li Tzar Kai, Richard, being an executive director of HKT, has voluntarily abstained from voting on the board resolutions of HKT and the Trustee-Manager to approve the Proposed Acquisition.

Holders of the Share Stapled Units and potential investors should note that completion of the Proposed Acquisition is subject to a number of conditions precedent. There is no assurance that the Proposed Acquisition will take place or as to when it may take place. Holders of the Share Stapled Units and potential investors should therefore exercise caution when dealing in or investing in the Share Stapled Units.

DEFINITIONS

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

“Agreed Exchange Rate”	the exchange rate agreed between the Parties in the Share Purchase Agreement of US\$1 = HK\$7.8
“Completion”	completion of the Proposed Acquisition pursuant to the terms and conditions of the Share Purchase Agreement
“Consideration”	the total consideration payable by HKT Interactive Media under the Share Purchase Agreement described under the heading “Consideration” in this announcement
“Directors”	the directors of HKT and the Trustee-Manager
“HKT”	HKT Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong, the Share Stapled Units of which are jointly issued with the HKT Trust and listed on the Hong Kong Stock Exchange (Stock Code: 6823)
“HKT Group”	HKT and its subsidiaries
“HKT Interactive Media”	HKT Interactive Media Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of HKT
“HKT Trust”	a trust constituted on November 7, 2011 under the laws of Hong Kong and managed by the Trustee-Manager, the Share Stapled Units of which are jointly issued with HKT and listed on the Hong Kong Stock Exchange (Stock Code: 6823)
“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 Stock Exchange of Hong Kong Limited
“Non-Compete Agreement”	the non-compete agreement dated November 8, 2011 entered into between HKT and PCCW in respect of the business of providing pay and free television services, under which HKT agreed not to undertake any pay television services without PCCW’s consent

“Parties”	PCCW Interactive Media and HKT Interactive Media, being the parties to the Share Purchase Agreement, and a “Party” shall be construed accordingly
“PCCW”	PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on 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), which is indirectly holding approximately 51.94% of the total number of Share Stapled Units in issue as at the date of this announcement
“PCCW Group”	PCCW and its subsidiaries, including the HKT Group
“PCCW Interactive Media”	PCCW Interactive Media Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW
“PCCW Interactive Media Group”	PCCW Interactive Media and its subsidiaries, any holding company of PCCW Interactive Media and all other subsidiaries of any such holding company from time to time (except members of the PCCW Media Group and the HKT Group)
“PCCW Media”	PCCW Media Limited, a company incorporated in Hong Kong with limited liability and currently an indirect wholly-owned subsidiary of PCCW
“PCCW Media Group”	PCCW Media and its subsidiaries and joint venture following the Restructuring
“Proposed Acquisition”	the proposed acquisition by HKT Interactive Media of the entire issued share capital of PCCW Media from PCCW Interactive Media pursuant to the Share Purchase Agreement
“Restructuring”	among other things, certain transfers of shares and assets between certain members of the PCCW Group to be completed prior to Completion so as to facilitate the Proposed Acquisition
“Share Purchase Agreement”	the share purchase agreement in relation to the Proposed Acquisition entered into between PCCW Interactive Media as seller and HKT Interactive Media as purchaser on August 6, 2020
“Share Stapled Units”	the share stapled units of HKT and the HKT Trust
“Trustee-Manager”	HKT Management Limited (a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW), in its capacity as the trustee-manager of the HKT Trust

“US\$”

United States dollars, the lawful currency of the United States of America

By order of the boards of
HKT Management Limited
and
HKT Limited
Bernadette M. Lomas
Group General Counsel and Company Secretary

Hong Kong, August 6, 2020

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*) and Hui Hon Hing, Susanna (*Group Managing Director*)

Non-Executive Directors:

Peter Anthony Allen; Chung Cho Yee, Mico; Li Fushen; Zhu Kebin and Srinivas Bangalore Gangaiah (aka BG Srinivas)

Independent Non-Executive Directors:

Professor Chang Hsin Kang, FREng, GBS, JP; Sunil Varma; Aman Mehta and Frances Waikwun Wong

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PCCW Limited

電訊盈科有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0008)

**INSIDE INFORMATION
DISCLOSEABLE TRANSACTION**

PCCW MEDIA STRATEGY ANNOUNCEMENT INVOLVING

**(1) THE PROPOSED TRANSFER OF PCCW MEDIA LIMITED, OPERATOR
OF THE “NOW TV” BUSINESS, TO HKT AND
(2) STRATEGIC REVIEW OF PCCW OTT**

The Company has undertaken a strategic evaluation of its media business in response to the rapidly-evolving industry and technology landscape, as well as changes in consumer behaviour and accelerated growth in demand for digital entertainment. Riding on the industry trends and tailwinds to enhance and maximize the prospects of its media business, the Company announces today its strategic initiative for the media business, which involves (1) the proposed transfer of PCCW Media to HKT; and (2) a review of strategic options in relation to PCCW OTT. These two steps ensure strategic alignment across the group in terms of focus and resources.

(1) The proposed transfer of PCCW Media to HKT

Reference is made to the announcement made by HKT today in relation to the Proposed Transaction. To enhance and maximize the prospects of the Group’s “Now TV” business, on August 6, 2020 (after market close), PCCW Interactive Media, an indirect wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with HKT Interactive Media, an indirect wholly-owned subsidiary of HKT, in relation to the sale by PCCW Interactive Media to HKT Interactive Media of the entire issued share capital of PCCW Media for a Consideration of US\$250 million (or HK\$1,950 million based on the Agreed Exchange Rate). The PCCW Media Group operates the “Now TV” business, which is the leading pay-television service provider in Hong Kong, offering a wide range of local and international content through linear TV channels, on-demand and apps.

Completion of the Proposed Transaction is subject to the fulfilment or waiver of the conditions precedent specified in the Share Purchase Agreement and summarised below in the section headed “Conditions Precedent” in this announcement.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Proposed Transaction exceeds 5% but is less than 25%, the Proposed 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.

(2) Strategic review of PCCW OTT

PCCW OTT operates pan-regional OTT (over-the-top) video entertainment and music platforms, including under the “Viu” and “Moov” brands in Hong Kong, Southeast Asia and the Middle East. The Company continues to actively evaluate various strategic alternatives to support the continued growth of PCCW OTT, including but not limited to seeking to introduce additional third party financing into PCCW OTT through a potential separate listing of PCCW OTT and/or additional investment in PCCW OTT from strategic partners. The Company will make further announcement(s) on its strategy in relation to PCCW OTT as and when appropriate.

Shareholders of the Company and potential investors should note that completion of the Proposed Transaction is subject to a number of conditions precedent. There is no assurance that the Proposed Transaction or any potential strategic initiative in relation to PCCW OTT will take place or as to when they may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the shares of the Company.

INTRODUCTION

This announcement is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Listing Rules.

The Company has undertaken a strategic evaluation of its media business in response to the rapidly-evolving industry and technology landscape, as well as changes in consumer behaviour and accelerated growth in demand for digital entertainment. Riding on the industry trends and tailwinds to enhance and maximize the prospects of its media business, the Company announces today its strategic initiative for the media business, which involves (1) the proposed transfer of PCCW Media to HKT; and (2) a review of strategic options in relation to PCCW OTT. These two steps ensure strategic alignment across the group in terms of focus and resources. Further details are set out below.

(1) THE PROPOSED TRANSFER OF PCCW MEDIA TO HKT

THE SHARE PURCHASE AGREEMENT

Date

August 6, 2020

Parties

- (1) PCCW Interactive Media, as seller.
- (2) HKT Interactive Media, as purchaser.

Proposed sale and purchase of the entire issued share capital of PCCW Media

The Share Purchase Agreement provides for the sale by PCCW Interactive Media and the purchase by HKT Interactive Media of the entire issued share capital of PCCW Media. The PCCW Media Group operates the “Now TV” business, which is a leading pay-television service provider in Hong Kong, offering a wide range of local and international content through linear TV channels, on-demand and apps.

Upon Completion, PCCW Media will become a wholly-owned subsidiary of HKT. PCCW Media will remain as an indirect subsidiary of the Company as the Company is the controlling shareholder of HKT.

Consideration

The Consideration payable by HKT Interactive Media under the Share Purchase Agreement for the Proposed Transaction is US\$250 million (or HK\$1,950 million based on the Agreed Exchange Rate), payable at Completion in cash.

The Consideration was determined by the Parties following arm’s length negotiation, taking into consideration the historical and expected financial results of the PCCW Media Group as well as market valuations of companies operating in the same or similar industry.

Conditions precedent

Completion of the Proposed Transaction is subject to the fulfilment or waiver of the following conditions precedent:

- (1) completion of the Restructuring;
- (2) service agreements in relation to certain technical, support and marketing services having been entered into between the relevant members of the HKT Group and the PCCW Interactive Media Group;
- (3) all necessary consents, approvals and/or waivers having been obtained and maintained in full force and effect (i) under applicable laws, rules and regulations and/or licences held by or necessary for the business of the PCCW Media Group; and (ii) under any contract to which any member of the PCCW Media Group is a party and which is material to the business, financial position or operations of the PCCW Media Group;
- (4) PCCW having provided an irrevocable consent under the Non-Compete Agreement to allow the HKT Group to conduct the business of providing pay television services; and
- (5) PCCW Interactive Media having complied fully with its obligations in relation to the conduct of the business of the PCCW Media Group in the ordinary and usual course before Completion.

If any of the above conditions precedent are not fulfilled or waived on or before the date falling four months after the date of the Share Purchase Agreement or such later date as the Parties may agree, the Share Purchase Agreement shall be capable of termination by either Party forthwith on written notice to the other.

FURTHER INFORMATION ON THE PCCW MEDIA GROUP

The unaudited pro-forma consolidated earnings before interest income, finance costs, income tax, depreciation and amortization and net other gains/losses (“**EBITDA**”) of the PCCW Media Group for each of the financial years ended December 31, 2018 and December 31, 2019 were HK\$527 million and HK\$513 million respectively.

The unaudited pro-forma consolidated profit before taxation and net profit after taxation of the PCCW Media Group were HK\$98 million and HK\$75 million respectively for the financial year ended December 31, 2018 and HK\$62 million and HK\$41 million respectively for the financial year ended December 31, 2019.

The unaudited pro-forma consolidated net asset value of the PCCW Media Group, adjusted for intra-group balances, was approximately HK\$2,145 million as at December 31, 2019.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION

The Directors consider that the Proposed Transaction will help enhance and maximize the prospects of PCCW Media, increase synergies and bring about the following benefits:

- (1) Creation of Hong Kong’s sole genuine quadruple play services provider – with the acquisition of the “Now TV” business operated by PCCW Media, which is a leading pay-television service provider in Hong Kong, HKT will be able to position itself after Completion as the sole genuine quadruple-play services provider in Hong Kong, capable of providing a seamless user experience across fixed line, broadband, mobile and pay-television services;
- (2) Enriched product offering – “Now TV” will be able to work more closely with the broadband and mobile businesses of HKT and deliver an enriched total offering of connectivity and content to better serve the needs and interests of customers;
- (3) Enhanced cross-selling of services – within the HKT Group as enlarged as a result of the Proposed Transaction, the cross selling of services between broadband, mobile and pay-television by common channels will be enhanced, which is expected to lead to higher conversion rates as well as higher customer satisfaction and strengthened customer retention;
- (4) Improved operating efficiencies – the integration of the network, sales teams as well as certain corporate functions as a result of the Proposed Transaction is expected to generate business synergies and yield improved operating efficiencies, thereby resulting in enhanced customer experience and business productivity;
- (5) As the Company is the controlling shareholder of HKT, the Company will continue to hold an indirect interest in PCCW Media after completion of the Proposed Transaction and benefit from any potential upside in the business of PCCW Media through consolidation of the financial results of the PCCW Media Group; and

- (6) The financial position of PCCW Media Group is expected to strengthen over time as a result of the synergies generated from the Proposed Transaction, which will in turn improve the Company's consolidated financial position.

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

EXPECTED FINANCIAL IMPACT OF THE PROPOSED TRANSACTION AND USE OF PROCEEDS

After completion of the Proposed Transaction, PCCW Media will remain as an indirect subsidiary of the Company as the Company is the controlling shareholder of HKT and the financial results of the PCCW Media Group will continue to be consolidated in the financial statements of the Company. As the Proposed Transaction will not result in a loss of control by the Company over PCCW Media, the Proposed Transaction will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in profit or loss in the income statement.

The proceeds of the Proposed Transaction will be used by the Group for general corporate and working capital purposes, including repayment of debt at the PCCW level.

INFORMATION ON THE PARTIES

HKT Interactive Media is an indirect wholly-owned subsidiary of HKT.

HKT is principally engaged in 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 centres. It operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world. HKT is a subsidiary of the Company.

PCCW Interactive Media is an indirect wholly-owned subsidiary of the Company.

The Group is principally engaged in 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; 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.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Proposed Transaction exceeds 5% but is less than 25%, the Proposed 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.

(2) STRATEGIC REVIEW OF PCCW OTT

PCCW OTT operates pan-regional OTT (over-the-top) video entertainment and music platforms, including under the “Viu” and “Moov” brands in Hong Kong, Southeast Asia and the Middle East. The Company continues to actively evaluate various strategic alternatives to support the continued growth of PCCW OTT, including but not limited to seeking to introduce additional third party financing into PCCW OTT through a potential separate listing of PCCW OTT and/or additional investment in PCCW OTT from strategic partners.

The Company will make further announcement(s) on its strategy in relation to PCCW OTT as and when appropriate.

Shareholders of the Company and potential investors should note that completion of the Proposed Transaction is subject to a number of conditions precedent. There is no assurance that the Proposed Transaction or any potential strategic initiative in relation to PCCW OTT will take place or as to when they may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the shares of the Company.

DEFINITIONS

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

“ Agreed Exchange Rate ”	the exchange rate agreed between the Parties under the Share Purchase Agreement of US\$1 = HK\$7.8
“ Company ” or “ PCCW ”	PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on 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 Proposed Transaction pursuant to the terms and conditions of the Share Purchase Agreement
“ Consideration ”	the total consideration payable by HKT Interactive Media under the Share Purchase Agreement described under the heading “Consideration” in this announcement
“ Directors ”	the directors of the Company
“ Group ”	the Company and its subsidiaries, excluding the PCCW Media Group
“ HKT ”	HKT Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong, the share stapled units of which jointly issued with the HKT Trust are listed on the Hong Kong Stock Exchange (stock code: 6823). HKT is a subsidiary of the Company

“HKT Group”	HKT and its subsidiaries
“HKT Interactive Media”	HKT Interactive Media Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of HKT
“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 Stock Exchange of Hong Kong Limited
“Non-Compete Agreement”	the non-compete agreement dated November 8, 2011 entered into between HKT and PCCW in respect of the business of providing pay and free television services, under which HKT agreed not to undertake any pay television services without PCCW’s consent
“Parties”	PCCW Interactive Media and HKT Interactive Media, being the parties to the Share Purchase Agreement, and a “Party” shall be construed accordingly
“PCCW Interactive Media”	PCCW Interactive Media Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PCCW Interactive Media Group”	PCCW Interactive Media and its subsidiaries, any holding company of PCCW Interactive Media and all other subsidiaries of any such holding company from time to time (except members of the PCCW Media Group and the HKT Group)
“PCCW Media”	PCCW Media Limited, a company incorporated in Hong Kong with limited liability and currently an indirect wholly-owned subsidiary of the Company
“PCCW Media Group”	PCCW Media and its subsidiaries and joint venture following the Restructuring
“PCCW OTT”	PCCW International OTT (Cayman Islands) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and an indirect subsidiary of the Company
“Proposed Transaction”	the proposed transfer involving the sale by PCCW Interactive Media and purchase by HKT Interactive Media of the entire issued share capital of PCCW Media

“Restructuring”	among other things, certain transfers of shares and assets between certain members of the Group to be completed prior to Completion so as to facilitate the Proposed Transaction
“Share Purchase Agreement”	the share purchase agreement in relation to the Proposed Transaction entered into between PCCW Interactive Media as seller and HKT Interactive Media as purchaser on August 6, 2020
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, August 6, 2020

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); Mai Yanzhou; Zhu Keping 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