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PCCW Limited

電訊盈科有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0008)

HKT[®]

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)

JOINT ANNOUNCEMENT

CONNECTED TRANSACTION FOR PCCW IN RELATION TO THE SALE OF A PROPERTY BY PCCW SOLUTIONS DATA CENTERS MALAYSIA SDN. BHD. TO FWD TIM ENTERPRISES SDN. BHD.

CONTINUING CONNECTED TRANSACTIONS WITH THE FWD GROUP FOR PCCW AND HKT

PROPERTY SALE TRANSACTION

On December 24, 2020 (after trading hours of the Stock Exchange), the Vendor (an indirect wholly-owned subsidiary of PCCW) and the Purchaser entered into the SPA, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Property for the Purchase Price of RM70,000,000 (equivalent to approximately HK\$133,700,000).

Completion of the Property Sale Transaction is conditional upon the satisfaction or waiver (to the extent permissible under applicable laws) of the Conditions Precedent to Completion described below in this announcement.

CONTINUING CONNECTED TRANSACTIONS

On December 24, 2020, the respective members of the PCCW Group and the HKT Group specified below in this announcement entered into the CCT Agreements with members of the FWD Group, for the provision and receipt of certain services and products by the PCCW Group and the HKT Group to or from the FWD Group.

For the reasons explained below in this announcement under the heading “*Information in relation to the FWD Group and the Purchaser*”, members of the FWD Group are connected persons of PCCW and also connected persons of HKT Trust and HKT under the Listing Rules. All the transactions contemplated by the CCT Agreements are continuing connected transactions for

PCCW under Rule 14A.31 of the Listing Rules. The transactions contemplated by the HKT CCT Agreements are continuing connected transactions for HKT Trust and HKT under Rule 14A.31 of the Listing Rules.

The Annual Caps in respect of the CCT Agreements, aggregated by the respective types of services as described in this announcement, for the three years ending December 31, 2020, 2021 and 2022 are set forth below in this announcement.

LISTING RULES IMPLICATIONS

Property Sale Transaction

For the reasons explained below in this announcement under the heading “*Information in relation to the FWD Group and the Purchaser*”, the Purchaser is a connected person of PCCW. The Property Sale Transaction is, therefore, a connected transaction for PCCW under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for PCCW in respect of the Property Sale Transaction exceed 0.1% but all of the applicable percentage ratios are less than 5%, the Property Sale Transaction is subject to the announcement and reporting requirements, but is exempt from the independent shareholders’ approval requirement, under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

In respect of PCCW, one or more of the applicable percentage ratios in respect of the Annual Caps for the CCT Agreements, when aggregated by the respective types of services as described in this announcement, exceed 0.1%, but all of the applicable percentage ratios are less than 5%. Accordingly, in respect of PCCW, the continuing connected transactions contemplated by the CCT Agreements are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders’ approval requirement, under Chapter 14A of the Listing Rules.

In respect of HKT Trust and HKT, one or more of the applicable percentage ratios in respect of the Annual Caps for the HKT CCT Agreements, when aggregated by the respective types of services as described in this announcement, exceed 0.1%, but all of the applicable percentage ratios are less than 5%. Accordingly, in respect of HKT Trust and HKT, the continuing connected transactions contemplated by the HKT CCT Agreements are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders’ approval requirement, under Chapter 14A of the Listing Rules.

PROPERTY SALE TRANSACTION

The SPA

On December 24, 2020 (after trading hours of the Stock Exchange), the Vendor (an indirect wholly-owned subsidiary of PCCW) and the Purchaser entered into the SPA, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Property for the Purchase Price of RM70,000,000 (equivalent to approximately HK\$133,700,000).

Summary of principal terms of the SPA

Parties : PCCW Solutions Data Centers Malaysia Sdn. Bhd. (the Vendor), an indirect wholly-owned subsidiary of PCCW; and
FWD TIM Enterprises Sdn. Bhd. (the Purchaser).

Subject matter : The Vendor agrees to sell, and the Purchaser agrees to purchase, all that piece of freehold land held under H.S.(D) 7131, PT 12163, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 0.7425 hectares together with a building consisting of four levels of data center and four levels and a mezzanine level of offices together with a guard house erected thereon (collectively, the “**Property**”). The Property is located at CJ1 Centre, No. 1 Jalan Cyber Point 4, Cyber 8, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia.

Purchase Price : RM70,000,000 (equivalent to approximately HK\$133,700,000).

The Purchase Price was determined after arm’s length negotiation between the parties to the SPA on the basis of comparable market prices of similar parcels of land and buildings located in the vicinity, the surrounding environment, condition of and accessibility to the Property, and the market outlook in relation to the nature, type and location of the Property.

Payment terms : Within ten Business Days from the execution of the SPA, a payment in the amount of RM7,000,000 (equivalent to approximately HK\$13,370,000) representing 10% of the Purchase Price shall be payable by the Purchaser to the Vendor.

On or prior to the Completion Date, the Purchaser shall remit a sum of RM2,100,000 (equivalent to approximately HK\$4,011,000) representing 3% of the Purchase Price to the Director General of Inland Revenue of Malaysia, for the amount of real property gains tax payable in connection with the sale of the Property.

On the Completion Date, the balance of the Purchase Price of RM60,900,000 (equivalent to approximately HK\$116,319,000) shall be payable in full by the Purchaser to the Vendor.

Conditions Precedent : Completion of the Property Sale Transaction is conditional upon the satisfaction or waiver (to the extent permissible under applicable laws) of the following conditions (“**Conditions Precedent**”):

- (1) the Purchaser obtaining the written confirmation of the Economic Planning Unit of the Prime Minister’s Department of Malaysia (“**EPU**”) that the EPU’s approval is not required in respect of the acquisition of the Property under the Property Sale Transaction;
- (2) the Vendor obtaining the written approval of the government authority of the Malaysian state of Selangor (the “**State Authority**”) in respect of the transfer of the Property under the Property Sale Transaction; and
- (3) the Purchaser obtaining the written approval of the State Authority in respect of the acquisition of the Property under the Property Sale Transaction.

The parties to the SPA shall use their respective best endeavours to satisfy the Conditions Precedent within six months from the date of the SPA, or such extended period as may be agreed between the parties to the SPA in writing.

Completion : Completion of the Property Sale Transaction is expected to take place on the 30th day following the date on which the last Condition Precedent is satisfied and/or waived by the Purchaser (to the extent permissible under applicable laws), or such other date as may be agreed between the parties to the SPA (the “**Completion Date**”).

Lease : The Purchaser agrees to grant a lease of the Property to the Vendor from Completion, for use as a data center and office space. The lease will be a continuing connected transaction for PCCW when entered into, but all of the applicable percentage ratios in respect of the lease are less than 0.1% and, accordingly, the lease is fully exempt from the shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Acquisition cost and value of the Property and use of proceeds

The original acquisition cost of the Property to the PCCW Group was RM70,000,000 (equivalent to approximately HK\$133,700,000).

As at the date of this announcement, the unaudited carrying value of the Property in the PCCW Group’s unaudited consolidated statement of financial position was approximately RM70,000,000 (equivalent to approximately HK\$133,700,000). Upon Completion of the Property Sale Transaction, it is expected that no gain or loss will be recognized by the PCCW Group.

The sales proceeds arising from the Property Sale Transaction will be used as general operating expenses and working capital for the PCCW Group.

REASONS FOR AND BENEFITS OF THE PROPERTY SALE TRANSACTION

The principal business of the Vendor is data center operations, which is consistent with and part of the PCCW Group's strategy to expand its data center business outside of Hong Kong and China. The holding of the Property is not a core business of the Vendor. By divesting the Property to the FWD Group in the Property Sale Transaction, the Vendor and the PCCW Group will be able to focus on developing and expanding their data center operations and capabilities in Malaysia and Southeast Asia.

CONTINUING CONNECTED TRANSACTIONS

The CCT Agreements

On December 24, 2020, the respective members of the PCCW Group and the HKT Group specified below in this announcement entered into the CCT Agreements with members of the FWD Group, for the provision and receipt of certain services and products by the PCCW Group and the HKT Group to or from the FWD Group.

For the reasons explained below in this announcement under the heading "*Information in relation to the FWD Group and the Purchaser*", members of the FWD Group are connected persons of PCCW and also connected persons of HKT Trust and HKT under the Listing Rules.

The key terms of the CCT Agreements are summarized below:

A. *Services provided by the HKT Group to the FWD Group*

(1) Telecommunications and Related Services Agreement

Date: December 24, 2020

Parties: (a) HK Telecom; and (b) FWD Group Management

Term: December 24, 2020 to December 31, 2022

Under the Telecommunications and Related Services Agreement, HK Telecom has agreed to provide, or procure other members of the HKT Group to provide, telecommunications and related services to the FWD Group. Such services are expected to include, without limitation, the following:

1. telecommunications services such as telephone services (fixed-line, unified communications and mobile services) and devices; connectivity services including local data, broadband, wifi, Datapak, private network connectivity, SkyExchange, cloud connectivity, facilities managed network services, internet access, international telecommunications, international private leased circuit and other network services; cloud computing services; Internet of Things (IoT) products and services; and other telecommunications services as agreed to be provided by members of the HKT Group to the FWD Group. The services are charged at prevailing market rates for services of similar scope, scale, quality, reliability and services level that would be charged for independent third party customers, as agreed by the relevant members of the HKT Group and the FWD Group from time to time; and

2. other support services, such as computer and CPE rental services; teleservices; network, operational and maintenance support services; equipment and facilities leasing services; and other support services as agreed to be provided by members of the HKT Group to the FWD Group. The services are charged on cost-plus basis as agreed by the relevant members of the HKT Group and the FWD Group from time to time.

Set out below are the Annual Caps for the transactions under the Telecommunications and Related Services Agreement for the three years ending December 31, 2020, 2021 and 2022:

<u>2020</u> HK\$50 million	<u>2021</u> HK\$100 million	<u>2022</u> HK\$150 million
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These Annual Caps have been determined based on (i) the historical transaction amounts for these services for the year ended December 31, 2019 (being approximately HK\$33.9 million) and the six months ended June 30, 2020 (being approximately HK\$16.7 million); (ii) anticipated expansion of FWD Group's business in the region and the estimated level of services required; and (iii) the full year effect of such expansion for 2021 and 2022.

As one or more of the applicable percentage ratios in respect of the Annual Caps for the transactions under the Telecommunications and Related Services Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5% for both of (i) PCCW; and (ii) HKT Trust and HKT, the continuing connected transactions under the Telecommunications and Related Services Agreement are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules for both of (i) PCCW; and (ii) HKT Trust and HKT.

(2) Insurance and Related Services Agreement

Date: December 24, 2020

Parties: (a) HKTIA; and (b) FWD Life Insurance

Term: December 24, 2020 to December 31, 2022

Under the Insurance and Related Services Agreement, HKTIA has agreed to provide, or procure other members of the HKT Group to provide, insurance and related services to the FWD Group. Such services are expected to include, without limitation, the following:

1. insurance agency services in Hong Kong to be provided by members of the HKT Group as insurance agent in Hong Kong for selling certain insurance products of members of the FWD Group. Commission for such insurance agency services will be charged at such rate determined with reference to market rates charged by third party insurance agents for similar insurance product or service as agreed by the relevant members of the HKT Group and the FWD Group;
2. reinsurance services to be provided by the HKT Group to the FWD Group under which relevant members of the HKT Group, such as Risk Finance, being a registered insurer in Bermuda, may reinsure some of the FWD Group's underwriting liabilities arising from insurance policies issued in Hong Kong to members of the HKT Group. Premium to be received by the HKT Group from the

FWD Group will be determined based on prevailing market rates and actuarial review of the relevant members of the HKT Group and the FWD Group; and

3. other insurance and related services as may be agreed to be provided by members of the HKT Group and the FWD Group from time to time.

Set out below are the Annual Caps for the transactions under the Insurance and Related Services Agreement for the three years ending December 31, 2020, 2021 and 2022:

<u>2020</u>	<u>2021</u>	<u>2022</u>
HK\$30 million	HK\$150 million	HK\$250 million

These Annual Caps have been determined based on (i) the historical transaction amounts for these services for the year ended December 31, 2019 (being approximately HK\$9.1 million) and the six months ended June 30, 2020 (being approximately HK\$3.3 million); (ii) anticipated expansion of FWD Group's business in the region and the estimated level of services required; and (iii) the full year effect of such expansion for 2021 and 2022.

As one or more of the applicable percentage ratios in respect of the Annual Caps for the transactions under the Insurance and Related Services Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5% for both of (i) PCCW; and (ii) HKT Trust and HKT, the continuing connected transactions under the Insurance and Related Services Agreement are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules for both of (i) PCCW; and (ii) HKT Trust and HKT.

B. Services provided by the PCCW Group (excluding the HKT Group) to the FWD Group

IT and Related Services Agreement

Date: December 24, 2020

Parties: (a) PCCW Solutions; and (b) FWD Group Management

Term: December 24, 2020 to December 31, 2022

Under the IT and Related Services Agreement, PCCW Solutions has agreed to provide, or procure other members of the Solutions Group to provide, IT and related services to the FWD Group. Such services are expected to include, without limitation, data center co-location service, hardware procurement service, SD wan connectivity services, information technology solutions and services such as software development and system implementation, hosting and managed services, and ancillary and related facilities and services, hardware, software, services and network procurement and maintenance services and any other ancillary and related services. The fees payable by the FWD Group will be determined based on actual level of usage of services, such as the number of application and support servers installed and number of support staff required during the construction process and maintenance period; the infrastructure and systems requirements as provided on a monthly basis. One-time setup or configuration charges may also be applicable. 3% annual price increment to reflect inflation and market outlook; the volume and value of hardware, software, services and network services supplied, as well as the current market price with adjustment based on the Consumer Price Index annual growth factor forecasted by Bloomberg.

Set out below are the Annual Caps for the transactions under the IT and Related Services Agreement for the three years ending December 31, 2020, 2021 and 2022:

<u>2020</u> HK\$20 million	<u>2021</u> HK\$280 million	<u>2022</u> HK\$360 million
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These Annual Caps have been determined based on (i) the historical transaction amounts for these services for the year ended December 31, 2019 (being approximately HK\$11.4 million) and the six months ended June 30, 2020 (being approximately HK\$1.1 million); (ii) anticipated expansion of FWD Group's business in the region and the estimated level of services required; and (iii) the full year effect of such expansion for 2021 and 2022.

As one or more of the applicable percentage ratios in respect of the Annual Caps for the transactions under the IT and Related Services Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5% for PCCW, the continuing connected transactions under the IT and Related Services Agreement are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules for PCCW.

C. *Services provided by the FWD Group to the PCCW Group and the HKT Group*

FWD Insurance Services and Products Agreements

Date: December 24, 2020

Parties: (1) (a) PCCW Services; and (b) FWD Life Insurance
(2) (a) HKT Services; and (b) FWD Life Insurance

Term: December 24, 2020 to December 31, 2022

Each of PCCW Services and HKT Services entered into a FWD Insurance Services and Products Agreement with FWD Life Insurance on the same terms. Under the FWD Insurance Services and Products Agreements, FWD Life Insurance has agreed to provide, or procure other members of the FWD Group to provide, insurance and related services and products to the PCCW Group (excluding the HKT Group) and the HKT Group respectively. Such services and products are expected to include, without limitation, the following:

1. insurance services and products of the FWD Group, which will be charged at such rate determined with reference to market rates for similar insurance service or product as agreed by members of the respective groups; and
2. other insurance and related services and products as may be agreed to be provided by members of the respective groups from time to time.

Set out below are the Annual Caps for the transactions for the three years ending December 31, 2020, 2021 and 2022 (i) in respect of PCCW, under both FWD Insurance Services and Products Agreements on an aggregated basis; and (ii) in respect of HKT Trust and HKT, under the FWD Insurance Services and Products Agreement entered into by HKT Services:

2020
HK\$420 million

2021
HK\$520 million

2022
HK\$620 million

These Annual Caps have been determined based on (i) the historical transaction amounts for these services for the year ended December 31, 2019 (being approximately HK\$10.6 million for the PCCW Group and approximately HK\$6.4 million for the HKT Group) and the six months ended June 30, 2020 (being approximately HK\$4.9 million for the PCCW Group and approximately HK\$3.2 million for the HKT Group); and (ii) anticipated expansion of FWD Group's business in the region and the estimated level of services and products required. The substantial difference between the Annual Cap for 2020 and the historical transaction amounts for the six months ended June 30, 2020 and the year ended December 31, 2019 is the result of insurance services and products expected to be provided to the PCCW Group and the HKT Group by the FWD Group before the end of the current financial year. The respective amounts of the Annual Caps for the years ending December 31, 2021 and 2022 reflect, anticipated growth of the business relationship between the PCCW Group and the FWD Group in future and the full year effect of such growth in 2021 and 2022.

In respect of PCCW, as one or more of the applicable percentage ratios in respect of the Annual Caps for the transactions under both FWD Insurance Services and Products Agreements, on an aggregated basis, exceed 0.1% but all of the applicable percentage ratios are less than 5%, the continuing connected transactions under both FWD Insurance Services and Products Agreements, on an aggregated basis, are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

In respect of HKT Trust and HKT, as one or more of the applicable percentage ratios in respect of the Annual Caps for the transactions under the FWD Insurance Services and Products Agreement entered into by HKT Services exceed 0.1% but all of the applicable percentage ratios are less than 5%, the continuing connected transactions under such FWD Insurance Services and Products Agreement entered into by HKT Services are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CCT AGREEMENTS

The services to be provided under each of the CCT Agreements are in the ordinary course of business, and within the core competencies, of the relevant members of the PCCW Group and the HKT Group (as applicable) providing or receiving services. In each case, services are to be provided on normal commercial terms. The services to be provided by the PCCW Group and the HKT Group can be provided from existing available resources and capacity. Provision of those services can be expected to generate additional revenue and operating profit for the relevant members of the PCCW Group and the HKT Group providing the services, and to increase utilization of their existing resources. Insurance services and products to be provided to the PCCW Group and the HKT Group by the FWD Group are to be provided on normal commercial terms and are services and products used by the PCCW Group and the HKT Group in the ordinary course of their respective businesses. The FWD Group is a well-known and reputable provider of insurance services and products. There may also be opportunities for the PCCW Group and the HKT Group to grow their respective business relationships with the FWD Group in the future, pursuant to transactions on normal commercial terms and within the core competencies of each group.

INFORMATION IN RELATION TO THE FWD GROUP AND THE PURCHASER

Established in Asia in 2013, the FWD Group is the primary insurance business of investment group, Pacific Century Group. The FWD Group offers life and medical insurance, general insurance, employee benefits, Shariah and Family Takaful products across a number of markets. The FWD Group operates in Hong Kong, Macau, Thailand, Indonesia, the Philippines, Singapore, Vietnam, Japan and Malaysia.

The FWD Group is majority owned and controlled by the Pacific Century Group, which is owned and controlled by certain trusts in respect of which Mr. Li Tzar Kai, Richard is the founder. Mr. Li Tzar Kai, Richard is the Chairman and Executive Director of each of PCCW, HKT and the Trustee-Manager and is interested (for the purposes of the SFO) in approximately 30.93% of the total number of shares of PCCW in issue and approximately 2.97% of the total number of share stapled units of HKT Trust and HKT in issue. Mr. Li Tzar Kai, Richard is also a director of certain FWD Group companies.

Accordingly, members of the FWD Group are associates of Mr. Li Tzar Kai, Richard for the purpose of the Listing Rules and connected persons of each of (i) PCCW; and (ii) HKT Trust and HKT under the Listing Rules. As a result, transactions between members of the FWD Group and members of the PCCW Group are connected transactions for PCCW under Chapter 14A of the Listing Rules and transactions between members of the FWD Group and members of the HKT Group are connected transactions for HKT Trust and HKT under Chapter 14A of the Listing Rules.

The Purchaser is an investment holding company and a member of the FWD Group.

INFORMATION IN RELATION TO THE PCCW GROUP AND THE VENDOR

PCCW is a global company headquartered in Hong Kong which holds interests in telecommunications, media, IT solutions, property development and investment, and other businesses.

The principal activities of the PCCW Group 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 CPE 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.

The Vendor is a wholly-owned subsidiary of the PCCW Group and is principally engaged in the provision of data center services for customers in Malaysia.

INFORMATION IN RELATION TO THE HKT GROUP

HKT is a company incorporated in the Cayman Islands with limited liability.

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 the HKT Group are the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, media entertainment, enterprise solutions, and other telecommunications businesses such as CPE sales, outsourcing, consulting, and contact centers. It operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world.

DIRECTORS' VIEWS

Views of directors of PCCW in respect of the Property Sale Transaction

The directors of PCCW (including its independent non-executive directors) consider that: (i) the terms of the Property Sale Transaction are fair and reasonable; (ii) the Property Sale Transaction is on normal commercial terms or better for PCCW; and (iii) the Property Sale Transaction is in the interests of PCCW and its shareholders as a whole.

Views of directors of PCCW and HKT in respect of the continuing connected transactions

The directors of PCCW (including its independent non-executive directors) consider that the CCT Agreements and the transactions contemplated by them are on normal commercial terms and in the ordinary and usual course of business of the PCCW Group and that the terms of the CCT Agreements and the transactions contemplated by them, and their respective Annual Caps, are fair and reasonable and in the interests of PCCW and its shareholders as a whole.

The directors of HKT and the Trustee-Manager (including their respective independent non-executive directors) consider that the HKT CCT Agreements and the transactions contemplated by them are on normal commercial terms and in the ordinary and usual course of business of the HKT Group and that the terms of the HKT CCT Agreements and the transactions contemplated by them, and their respective Annual Caps, are fair and reasonable and in the interests of HKT Trust, HKT, and the holders of share stapled units of HKT Trust and HKT as a whole.

Directors who abstained from Voting

Members of the FWD Group are associates of Mr. Li Tzar Kai, Richard, the Chairman and Executive Director of each of PCCW, HKT and the Trustee-Manager. As a result, Mr. Li Tzar Kai, Richard is considered to have a material interest in the Property Sale Transaction and the CCT Agreements and abstained from voting on the resolutions of the board of directors of PCCW approving the Property Sale Transaction and the CCT Agreements, and on the resolutions of the boards of directors of HKT and the Trustee-Manager approving the HKT CCT Agreements.

As Mr. BG Srinivas, the Group Managing Director and Executive Director of PCCW and a Non-Executive Director of HKT and the Trustee-Manager, is an alternate director of certain FWD Group companies, Mr. BG Srinivas abstained from voting on the resolutions of the board of directors of PCCW approving the Property Sale Transaction and the CCT Agreements, and on the resolutions of the boards of directors of HKT and the Trustee-Manager approving the HKT CCT Agreements.

As Mr. Peter Anthony Allen, a Non-Executive Director of HKT and the Trustee-Manager, is a director of certain FWD Group companies, Mr. Peter Anthony Allen abstained from voting on the resolutions of the boards of directors of HKT and the Trustee-Manager approving the HKT CCT Agreements.

Save as aforesaid:

- (a) None of the other directors of PCCW has any material interest in the Property Sale Transaction or in the CCT Agreements or the transactions contemplated by them, and none of the other directors of PCCW abstained from voting on the resolutions of the board of directors of PCCW approving the Property Sale Transaction and the CCT Agreements.
- (b) None of the other directors of HKT and the Trustee-Manager has any material interest in the HKT CCT Agreements or the transactions contemplated by them, and none of the other directors of HKT and the Trustee-Manager abstained from voting on the resolutions of the boards of directors of HKT and the Trustee-Manager approving the HKT CCT Agreements.

LISTING RULES IMPLICATIONS

Property Sale Transaction

For the reasons explained under the heading “*Information in relation to the FWD Group and the Purchaser*” in this announcement, the Purchaser is a connected person of PCCW and the Property Sale Transaction is a connected transaction for PCCW under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Property Sale Transaction exceed 0.1% but all of the applicable percentage ratios are less than 5%, the Property Sale Transaction is subject to the announcement and reporting requirements, but is exempt from the independent shareholders’ approval requirement, under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

As explained under the heading “*Information in relation to the FWD Group and the Purchaser*” in this announcement, members of the FWD Group are connected persons of each of (i) PCCW; and (ii) HKT Trust and HKT under the Listing Rules.

The CCT Agreements, and the transactions contemplated by them, are continuing connected transactions for PCCW under Rule 14A.31 of the Listing Rules. The HKT CCT Agreements, and the transactions contemplated by them, are continuing connected transactions for HKT Trust and HKT under Rule 14A.31 of the Listing Rules.

In respect of PCCW, one or more of the applicable percentage ratios in respect of the Annual Caps for the CCT Agreements, when aggregated by the respective types of services as described above in this announcement, exceed 0.1%, but all of the applicable percentage ratios are less than 5%. Accordingly, in respect of PCCW, the CCT Agreements, and the transactions contemplated by them, are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders’ approval requirement, under Chapter 14A of the Listing Rules.

In respect of HKT Trust and HKT, one or more of the applicable percentage ratios in respect of the Annual Caps for the HKT CCT Agreements, when aggregated by the respective types of services as described above in this announcement, exceed 0.1%, but all of the applicable percentage ratios are less than 5%. Accordingly, in respect of HKT Trust and HKT, the HKT CCT Agreements, and the transactions contemplated by them, are subject to the announcement, reporting and annual review requirements, but are exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Annual Caps”	the annual caps applicable to the CCT Agreements for the three years ending December 31, 2020, 2021 and 2022 as set forth in this announcement
“associate”	has the meaning given to it in the Listing Rules
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in Selangor and Wilayah Persekutuan Kuala Lumpur
“CCT Agreements”	the Telecommunications and Related Services Agreement, the Insurance and Related Services Agreement, the IT and Related Services Agreement and the FWD Insurance Services and Products Agreements
“Completion”	completion of the sale and purchase of the Property in accordance with the provisions of the SPA
“Completion Date”	has the meaning given to it in the paragraph headed “ <i>Property Sale Transaction – Summary of principal terms of the SPA – Completion</i> ” in this announcement
“Conditions Precedent”	has the meaning given to it in the paragraph headed “ <i>Property Sale Transaction – Summary of principal terms of the SPA – Conditions Precedent</i> ” in this announcement
“connected person”	has the meaning given to it in the Listing Rules
“CPE”	customer premises equipment
“FWD Group”	FWD Limited, FWD Group Limited and their respective subsidiaries
“FWD Group Management”	FWD Group Management Holdings Limited, a company incorporated in Hong Kong with limited liability

“FWD Insurance Services and Products Agreements”	(1) the insurance services and products agreement entered into by PCCW Services with FWD Life Insurance dated December 24, 2020, details of which are disclosed in this announcement; and (2) the insurance services and products agreement entered into by HKT Services with FWD Life Insurance dated December 24, 2020, details of which are disclosed in this announcement
“FWD Life Insurance”	FWD Life Insurance Company (Bermuda) Limited, a company incorporated in Bermuda with limited liability and registered as a non-Hong Kong company in Hong Kong
“HK Telecom”	Hong Kong Telecommunications (HKT) Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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, and having its share stapled units jointly issued with the HKT Trust listed on the main board of the Stock Exchange (stock code: 6823)
“HKT CCT Agreements”	the Telecommunications and Related Services Agreement, the Insurance and Related Services Agreement and the FWD Insurance Services and Products Agreement entered into by HKT Services, all dated December 24, 2020, details of which are disclosed in this announcement
“HKT Group”	HKT and its subsidiaries
“HKT Services”	HKT Services Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW
“HKT Trust”	a trust constituted on November 7, 2011 under the laws of Hong Kong and managed by the Trustee-Manager, and having its share stapled units jointly issued with HKT listed on the main board of the Stock Exchange (stock code: 6823)
“HKTIA”	HKT Financial Services (IA) Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Insurance and Related Services Agreement”	the insurance and related services agreement entered into between HKTIA and FWD Life Insurance dated December 24, 2020, details of which are disclosed in this announcement
“IT”	information technology
“IT and Related Services Agreement”	the IT and related services agreement entered into between PCCW Solutions and FWD Group Management dated December 24, 2020, details of which are disclosed in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PCCW”	PCCW Limited, a company incorporated in Hong Kong with limited liability and having its shares listed on the main board of the 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)
“PCCW Group”	PCCW and its subsidiaries, including the HKT Group
“PCCW Services”	PCCW Services Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of PCCW
“PCCW Solutions”	PCCW Solutions Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW
“percentage ratios”	has the meaning given in the Listing Rules
“Property”	has the meaning given to it in the paragraph headed “ <i>Property Sale Transaction – Summary of principal terms of the SPA – Subject matter</i> ” in this announcement
“Property Sale Transaction”	the sale and purchase of the Property in accordance with the provisions of the SPA, the principal terms of which are summarized in the section headed “ <i>Property Sale Transaction – Summary of principal terms of the SPA</i> ” in this announcement
“Purchaser”	FWD TIM Enterprises Sdn. Bhd., a company incorporated in Malaysia with limited liability
“Purchase Price”	has the meaning given to it in the paragraph headed “ <i>Property Sale Transaction – Summary of principal terms of the SPA – Purchase Price</i> ” in this announcement
“Risk Finance”	PCCW Risk Finance Limited, a company incorporated in Bermuda with limited liability, an indirect wholly-owned subsidiary of HKT and an indirect non-wholly owned subsidiary of PCCW

“ RM ”	Ringgit Malaysia, the lawful currency of Malaysia
“ SFO ”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“ Solutions Group ”	Solutions Holdings and its subsidiaries
“ Solutions Holdings ”	HKT Solutions Holdings Limited, a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of PCCW
“ SPA ”	the sale and purchase agreement dated December 24, 2020 between the Vendor and the Purchaser, relating to the sale by the Vendor and the purchase by the Purchaser of the Property, the principal terms which are summarized in the paragraph headed “ <i>Property Sale Transaction – Summary of principal terms of the SPA</i> ” in this announcement
“ State Authority ”	has the meaning given to it in the paragraph headed “ <i>Property Sale Transaction – Summary of principal terms of the SPA – Conditions Precedent</i> ” in this announcement
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Telecommunications and Related Services Agreement ”	the telecommunications and related services agreement entered into between HK Telecom and FWD Group Management dated December 24, 2020, details of which are disclosed in this announcement
“ 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
“ Vendor ”	PCCW Solutions Data Centers Malaysia Sdn. Bhd., a company incorporated in Malaysia with limited liability, an indirect wholly-owned subsidiary of PCCW and the registered and beneficial owner of the Property

In this announcement, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of RM1.00 = HK\$1.91. Percentages and figures expressed in millions have been rounded.

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

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

Hong Kong, December 24, 2020

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

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 Keping and Srinivas Bangalore Gangaiah (aka BG Srinivas)

Independent Non-Executive Directors:

Professor Chang Hsin Kang, F_{REng}, GBS, JP; Sunil Varma; Aman Mehta and Frances Waikwun Wong