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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **PCCW Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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### **PCCW Limited** **電訊盈科有限公司**

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 0008)**

## **PROPOSALS FOR** **(1) RE-ELECTION OF DIRECTORS;** **(2) GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES; AND** **(3) TERMINATION OF EXISTING SHARE STAPLED UNITS OPTION SCHEME** **AND ADOPTION OF NEW SHARE STAPLED UNITS OPTION SCHEME** **OF HKT TRUST AND HKT LIMITED**

### **NOTICE OF ANNUAL GENERAL MEETING**

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Notice convening the AGM (as defined herein) to be held on Friday, May 7, 2021 at 12:00 noon at 14th Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong is set out on pages 33 to 39 of this circular. Whether or not Shareholders (as defined herein) are able to attend the AGM, they are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Investor Communications Centre, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event no later than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the AGM (or any adjournment thereof) should they so desire.

**In the interests of the health and safety of Shareholders and other participants of the AGM, the Company will implement precautionary measures at the AGM including, without limitation:**

- **compulsory body temperature screening;**
- **mandatory use of surgical face masks;**
- **anyone attending the AGM has to observe good personal hygiene at all times;**
- **appropriate social distancing and limitation on physical attendance in compliance with the relevant guidance and group gathering regulation as may be issued by the HKSAR Government from time to time; and**
- **NO distribution of corporate souvenirs or gift coupons and no refreshments will be served.**

Attendees are reminded that they should carefully consider the risks of attending the AGM, taking into account their own personal circumstances. Attendees who do not comply with any of the Company's precautionary measures may be denied entry to the AGM venue, at the absolute discretion of the Company as permitted by law.

To safeguard the health and safety of Shareholders, and in view of the limit on attendance and seating capacity as may be legally required, the Company strongly encourages Shareholders **NOT to attend the AGM in person**, and advises Shareholders to appoint the Chairman of the AGM or any Director or the Company Secretary of the Company as their proxy to vote according to their indicated voting instructions as an alternative to attending the AGM in person and view the live webcast of the AGM proceedings. The Company will continue to monitor the COVID-19 pandemic situation and may implement further procedures and measures at short notice. Shareholders should check the Company's website ([www.pccw.com](http://www.pccw.com)) for updates on the AGM arrangements.

April 1, 2021

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## DEFINITIONS

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*In this circular and the appendices to it, the following expressions have the following meanings unless the context requires otherwise:*

<b>“Adoption Date”</b>	the date on which the HKT New Scheme is conditionally adopted by an ordinary resolution of Holders of Share Stapled Units at the HKT 2021 AGM;
<b>“AGM”</b>	the annual general meeting of the Company to be held on Friday, May 7, 2021 at 12:00 noon at 14th Floor, PCCW Tower, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong;
<b>“Articles”</b>	the articles of association of the Company;
<b>“Board”</b>	the board of Directors (as constituted from time to time);
<b>“close associate(s)”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Companies Ordinance”</b>	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
<b>“Company” or “PCCW”</b>	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);
<b>“connected person(s)”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“core connected person(s)”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Eligible Participants”</b>	(a) any full-time or part-time employee of HKT and/or any of its Subsidiaries; (b) any director (including executive, non-executive and independent non-executive) of HKT and/or any of its Subsidiaries; and (c) any consultant or adviser (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and/or business partner of HKT and/or any of its Subsidiaries who, at the sole determination of the HKT Board, has contributed or will contribute to HKT and/or any of its Subsidiaries;
<b>“Group”</b>	the Company and its subsidiaries;

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## DEFINITIONS

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“ <b>HK\$</b> ”	Hong Kong dollars, the lawful currency of Hong Kong;
“ <b>HKT</b> ”	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). As at the Latest Practicable Date, the Company held approximately 51.94% of the total number of Share Stapled Units in issue;
“ <b>HKT 2021 AGM</b> ”	the annual general meeting of the Unitholders of the HKT Trust and of the HKT Shareholders to be held on a combined basis as a single meeting characterized as an annual general meeting of the Holders of Share Stapled Units, which is to be held on Friday, May 7, 2021 at 10:00 a.m., as convened by the Trustee-Manager and HKT;
“ <b>HKT Articles</b> ”	the amended and restated articles of association of HKT adopted on November 7, 2011 as amended, supplemented, substituted or otherwise modified from time to time;
“ <b>HKT Board</b> ”	collectively, the board of directors of the Trustee-Manager and the board of directors of HKT;
“ <b>HKT Director(s)</b> ”	collectively, the director(s) of the Trustee-Manager and the director(s) of HKT;
“ <b>HKT Existing Scheme</b> ”	the 2011-2021 Share Stapled Units option scheme conditionally adopted by the HKT Trust and HKT on November 7, 2011 and became effective upon listing of the Share Stapled Units on November 29, 2011;
“ <b>HKT Group</b> ”	collectively, the HKT Trust, HKT and its subsidiaries;
“ <b>HKT New Scheme</b> ”	the new 2021-2031 Share Stapled Units option scheme of the HKT Trust and HKT proposed to be approved by the Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix 3 to this circular;
“ <b>HKT Ordinary Share(s)</b> ”	ordinary share(s) with a nominal value of HK\$0.0005 each in the share capital of HKT conferring the rights set out in the HKT Articles;
“ <b>HKT Preference Share(s)</b> ”	preference share(s) with a nominal value of HK\$0.0005 each in the share capital of HKT conferring the rights set out in the HKT Articles;

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## DEFINITIONS

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<b>“HKT Shareholders”</b>	persons registered at the relevant time in the principal register of members of HKT maintained in the Cayman Islands or the Hong Kong branch register of members of HKT as the holders of HKT Ordinary Shares and/or HKT Preference Shares;
<b>“HKT Trust”</b>	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);
<b>“Holders of Share Stapled Units”</b>	persons registered at the relevant time in the Share Stapled Units Register as holders of Share Stapled Units, including persons so registered as joint holders of Share Stapled Units;
<b>“Hong Kong” or “HKSAR”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Latest Practicable Date”</b>	March 25, 2021, being the latest practicable date for ascertaining certain information for inclusion in this circular;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“Notice”</b>	the notice of the AGM as set out on pages 33 to 39 of this circular;
<b>“Option”</b>	an option to subscribe for Share Stapled Units to be granted pursuant to the HKT New Scheme;
<b>“SFO”</b>	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
<b>“Share(s)”</b>	share(s) in the capital of the Company;
<b>“Share Stapled Unit(s)”</b>	<p>the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:</p> <ul style="list-style-type: none"><li>(a) a Unit in the HKT Trust;</li><li>(b) the beneficial interest in a specifically identified HKT Ordinary Share Linked (as defined in the Trust Deed) to the Unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the HKT Trust; and</li><li>(c) a specifically identified HKT Preference Share Stapled (as defined in the Trust Deed) to the Unit;</li></ul>

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## DEFINITIONS

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<b>“Share Stapled Units Register”</b>	the register of Holders of Share Stapled Units;
<b>“Shareholder(s)”</b>	holder(s) of Shares, from time to time;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Subsidiary(ies)”</b>	has the meaning ascribed to it in the Companies Ordinance;
<b>“Substantial Holder(s) of Share Stapled Units”</b>	any Holder of Share Stapled Units with an interest in Share Stapled Units constituting not less than 10% of all Share Stapled Units in issue;
<b>“substantial shareholder(s)”</b>	has the meaning ascribed to it in the Listing Rules;
<b>“Takeovers Code”</b>	the Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time;
<b>“Trust Deed”</b>	the trust deed dated November 7, 2011 constituting the HKT Trust entered into between the Trustee-Manager and HKT as amended, supplemented, substituted or otherwise modified from time to time;
<b>“Trustee-Manager”</b>	HKT Management Limited (a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company), in its capacity as the trustee-manager of the HKT Trust;
<b>“Unit”</b>	an undivided interest in the HKT Trust, which confers the rights set out in the Trust Deed as being conferred by a Unit (whether in its own right or as a component of a Share Stapled Unit);
<b>“Unitholders”</b>	persons registered at the relevant time in the register of registered holders of Units as holders of Units and include, for the avoidance of doubt, persons holding Units as components of Share Stapled Units and registered in the Share Stapled Units Register as holders of the Share Stapled Units which include the Units; and
<b>“%”</b>	per cent.

References to time and dates in this circular are to Hong Kong time and dates.

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LETTER FROM THE BOARD

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**PCCW Limited**  
**電訊盈科有限公司**

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 0008)**

***Executive Directors***

Li Tzar Kai, Richard (*Chairman*)  
Srinivas Bangalore Gangaiah (aka BG Srinivas)  
(*Group Managing Director*)  
Hui Hon Hing, Susanna (*Group Chief Financial Officer*)  
Lee Chi Hong, Robert

***Registered Office***

41st Floor, PCCW Tower  
Taikoo Place, 979 King's Road  
Quarry Bay, Hong Kong

***Non-Executive Directors***

Tse Sze Wing, Edmund, GBS  
Li Fushen (*Deputy Chairman*)  
Mai Yanzhou  
Zhu Keping  
Wei Zhe, David

***Independent Non-Executive Directors***

Aman Mehta  
Frances Waikwun Wong  
Bryce Wayne Lee  
Lars Eric Nils Rodert  
David Christopher Chance  
David Lawrence Herzog

April 1, 2021

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR**  
**(1) RE-ELECTION OF DIRECTORS;**  
**(2) GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES; AND**  
**(3) TERMINATION OF EXISTING SHARE STAPLED UNITS OPTION SCHEME**  
**AND ADOPTION OF NEW SHARE STAPLED UNITS OPTION SCHEME**  
**OF HKT TRUST AND HKT LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

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## LETTER FROM THE BOARD

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### INTRODUCTION

At the AGM, the Notice of which is set out on pages 33 to 39 of this circular, resolutions will be proposed to (1) re-elect Directors; (2) grant the Directors the general mandates to issue and buy-back Shares; and (3) approve the termination of the HKT Existing Scheme and the adoption of the HKT New Scheme.

### RE-ELECTION OF DIRECTORS

In accordance with Article 101 of the Articles, Mr. Tse Sze Wing, Edmund, Mr. Aman Mehta, Ms. Frances Waikwun Wong, Mr. Bryce Wayne Lee and Mr. David Lawrence Herzog shall retire from office by rotation at the AGM and, being eligible, offer themselves for re-election. The re-election of these retiring Directors will be individually voted on by the Shareholders.

The Nomination Committee of the Company has reviewed and assessed the annual confirmation of independence of each of the independent non-executive Directors and is of the view that all of them remain independent having regard to the independence criteria as set out in Rule 3.13 of the Listing Rules.

The Nomination Committee has also considered the nomination of Mr. Tse Sze Wing, Edmund, Mr. Aman Mehta, Ms. Frances Waikwun Wong, Mr. Bryce Wayne Lee and Mr. David Lawrence Herzog for re-election at the AGM in accordance with the Company's Nomination Policy and Board Diversity Policy, based on a number of considerations (including, but not limited to, their respective perspectives, skills, knowledge and experience), and recommended them to stand for re-election at the AGM.

Mr. Aman Mehta, Ms. Frances Waikwun Wong, Mr. Bryce Wayne Lee and Mr. David Lawrence Herzog, all the retiring independent non-executive Directors, are seasoned and valued Directors and possess a broad range of commercial experience and substantial expertise in business and financial management. Each of them has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules.

Mr. Aman Mehta has considerable global commercial expertise and experience in senior management and governance roles across Asia and America in the international financial community, which is of particular relevance to the supervision of the Group's strategy and performance.

Ms. Frances Waikwun Wong has unique expertise in finance, governance, as well as people and culture, and contributes to the diversity of the Board.

Mr. Bryce Wayne Lee has tremendous expertise in the TMT (technology, media and telecommunications) and global technology investment markets, which puts him in a strong position to providing invaluable insight to the Group's international businesses management and investments.

Mr. David Lawrence Herzog has extensive insurance industry knowledge and expertise, with vast experience in strategic financial management and business development, enabling him to provide valuable and independent guidance to the Group's business.



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## LETTER FROM THE BOARD

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Notwithstanding that Mr. Aman Mehta, Ms. Frances Waikwun Wong and Mr. Bryce Wayne Lee have served on the Board for more than nine years as at the date of the AGM, each of them continues to demonstrate his/her ability to exercise independence of judgement and provide a balanced and objective view in relation to the Company's affairs, as well as contribute to the Board with their in-depth knowledge and understanding of the Group's operations and businesses gained throughout the years, diversity of skills and perspectives as well as devotion to the Group.

Based upon the review undertaken, the Nomination Committee is satisfied that Mr. Aman Mehta, Ms. Frances Waikwun Wong, Mr. Bryce Wayne Lee and Mr. David Lawrence Herzog are able to commit sufficient time to their roles and continue to act in an independent capacity and contribute to the diversity on the Board with their unique combination of experience and knowledge as further described in their biographies set out in the Appendix 1 to this circular.

The Board, having considered the recommendation of the Nomination Committee, accepted the nomination by the Nomination Committee and also recommended all the above retiring Directors to stand for re-election at the AGM.

Biographical information of the retiring Directors who are proposed to be re-elected at the AGM is set out in Appendix 1 to this circular.

### GENERAL MANDATES TO ISSUE AND BUY-BACK SHARES

Ordinary resolutions will be proposed at the AGM relating to the following general mandates:

- (i) authorizing the Directors to allot, issue and otherwise deal with additional Shares (and securities convertible into Shares and rights to subscribe for Shares) not exceeding 20% of the aggregate number of Shares in issue as at the date of passing the resolution;
- (ii) authorizing the Directors to buy-back Shares not exceeding 10% of the aggregate number of Shares in issue as at the date of passing the resolution; and
- (iii) authorizing the addition to the mandate to issue new Shares (referred to in (i) above) of those Shares bought-back by the Company pursuant to the buy-back mandate (referred to in (ii) above).

As at the Latest Practicable Date, the issued Shares comprised 7,729,638,249 Shares. On the assumption that there is no variation to the issued Shares during the period from the Latest Practicable Date to the date of passing of the resolution approving the mandate to issue new Shares (referred to in (i) above), the maximum number of Shares which may be issued pursuant to the mandate would be 1,545,927,649, not taking into account any additional new Shares which may be issued pursuant to the mandate referred to in (iii) above. On the assumption that there is no variation to the issued Shares during the period from the Latest Practicable Date to the date of passing of the resolution approving the mandate to buy-back Shares (referred to in (ii) above), the maximum number of Shares which may be bought-back by the Company pursuant to the mandate would be 772,963,824. Such number of Shares referred to above shall, in each case, where applicable, be adjusted in the event that the Shares in issue as at the date of passing the resolutions are, at any time thereafter, converted into a larger or smaller number of Shares.

As at the Latest Practicable Date, there is no plan for (a) any buy-back of Shares pursuant to the mandate referred to in (ii) above, nor (b) any issue of Shares pursuant to the mandate referred to in (i) above.

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## LETTER FROM THE BOARD

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In accordance with the requirements of the Listing Rules, and in particular the rules regulating the buy-back of securities on the Stock Exchange, the Company is required to send to Shareholders an explanatory statement containing information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the buy-back by the Company of its Shares. This explanatory statement is set out in Appendix 2 to this circular.

### **TERMINATION OF HKT EXISTING SCHEME AND ADOPTION OF HKT NEW SCHEME**

The HKT Existing Scheme was conditionally adopted by the HKT Trust and HKT on November 7, 2011 for a term of 10 years and will expire on November 6, 2021. In view of the expiration of the HKT Existing Scheme, an ordinary resolution will be proposed at the HKT 2021 AGM to terminate the HKT Existing Scheme and adopt the HKT New Scheme, in each case, with effect from the date on which conditions (1) and (2) set forth below in relation to the adoption of the HKT New Scheme are fulfilled. Following the termination of the HKT Existing Scheme, no further options will be granted under such scheme, but in all other respects the provisions of the HKT Existing Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any options granted during the life of the HKT Existing Scheme and remaining outstanding immediately prior to the termination of the HKT Existing Scheme. Such outstanding options, if any, will continue to be valid and exercisable in accordance with the terms of the HKT Existing Scheme.

The purpose of the HKT New Scheme is to enable the HKT Trust and HKT, acting jointly by mutual agreement between them, to grant Options to Eligible Participants as incentives or rewards for their contribution to the growth of the HKT Group and to provide the HKT Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

Rule 17.02(1)(a) of the Listing Rules requires a share option scheme of a listed issuer to be approved by the shareholders of the listed issuer in general meeting. Pursuant to Rule 17.01(4) of the Listing Rules, as the Trustee-Manager and HKT are subsidiaries of the Company which is also listed on the Stock Exchange, the adoption of the HKT New Scheme is also conditional upon the passing of an ordinary resolution for its approval by the Company at the AGM. Accordingly, an ordinary resolution will be proposed at the AGM for the Shareholders to consider, and if thought fit, approve the adoption of the HKT New Scheme and the termination of the HKT Existing Scheme by the HKT Trust and HKT.

A summary of the principal terms of the HKT New Scheme is set out in Appendix 3 to this circular. There is no material difference between the terms of the HKT Existing Scheme and the HKT New Scheme. A copy of the HKT New Scheme will be available for inspection during normal business hours at the registered office of the Company at 41st Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, from the date of this circular up to the date of the AGM (both days inclusive).

The HKT New Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, the rules of the HKT New Scheme provide that the HKT Board may determine, in its absolute discretion, such term(s) on the grant of an Option. The basis for determination of the subscription price is also specified in the rules of the HKT New Scheme. The HKT Directors consider that the aforesaid criteria and rules will serve to preserve the values of the Trustee-Manager and HKT and encourage Eligible Participants to acquire proprietary interests in the HKT Trust and HKT.

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## LETTER FROM THE BOARD

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The adoption of the HKT New Scheme is conditional upon:

- (1) the Holders of Share Stapled Units passing an ordinary resolution at the HKT 2021 AGM to approve and adopt the HKT New Scheme and the termination of the HKT Existing Scheme;
- (2) the Shareholders passing an ordinary resolution at the AGM to approve the adoption of the HKT New Scheme and the termination of the HKT Existing Scheme by the Trustee-Manager and HKT; and
- (3) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Share Stapled Units to be issued pursuant to the exercise of Options to be granted under the HKT New Scheme.

If condition (3) above is not satisfied within three months after the date on which conditions (1) and (2) are both fulfilled, the HKT New Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the HKT New Scheme. The Trustee-Manager and HKT currently have no option scheme in force other than the HKT Existing Scheme.

Based on the 7,575,742,334 Share Stapled Units in issue as at the Latest Practicable Date and assuming that there is no change in the number of Share Stapled Units in issue before the HKT 2021 AGM, the maximum number of Share Stapled Units that can be issued upon exercise of Options that may be granted under the proposed HKT New Scheme, and any other share option scheme of the HKT Trust and HKT, is 757,574,233 Share Stapled Units, representing approximately 10% of the total number of Share Stapled Units in issue.

As at the Latest Practicable Date, no options have been granted under the HKT Existing Scheme since its adoption. Further options may be granted in accordance with the rules of the HKT Existing Scheme before the earlier of (1) the date of its termination and (2) the date of its expiration, as the HKT Directors, in their discretion, consider fit. As at the Latest Practicable Date, there is no plan for any grant of options under the HKT Existing Scheme nor the HKT New Scheme.

The HKT Directors consider that it is not appropriate to state the value of all the Options that can be granted pursuant to the HKT New Scheme as if they had been granted at the Latest Practicable Date. The HKT Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Holders of Share Stapled Units, or to the Shareholders, taking into account the number of variables which are crucial for the calculation of the Option value which have not been determined. Such variables include the subscription price, exercise period, any lockup period and performance targets which the HKT Directors may set under the HKT New Scheme and other relevant variables. In the premises, the HKT Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors and the HKT Directors believe that any calculation of the value of the Options would not be meaningful and may be misleading to the Shareholders and the Holders of Share Stapled Units in the circumstances. As at the Latest Practicable Date, no trustee has been appointed to administer the HKT New Scheme. The HKT Group does not at present intend to appoint a trustee to the HKT New Scheme. None of the Directors or the HKT Directors is or will be a trustee of the HKT New Scheme or has a direct or indirect interest in any such trustee.

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## LETTER FROM THE BOARD

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Application has been made by the HKT Trust and HKT to the Stock Exchange for approval of the listing of, and permission to deal in, the Share Stapled Units that may be issued pursuant to the exercise of Options that may be granted under the HKT New Scheme.

As at the Latest Practicable Date, no Shareholder has a material interest in the termination of the HKT Existing Scheme and the adoption of the HKT New Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

### AGM

The Notice convening the AGM is set out on pages 33 to 39 of this circular. A form of proxy for use at the AGM is enclosed. The form of proxy can also be downloaded from the Company's website at [www.pccw.com/ir](http://www.pccw.com/ir) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk). Whether or not Shareholders are able to attend the AGM, Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Investor Communications Centre, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event no later than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the AGM (or any adjournment thereof) should they so desire.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 71 of the Articles, the Chairman of the AGM will put each of the proposed resolutions set out in the Notice to be voted on by way of a poll. After the conclusion of the AGM, the results of the poll will be published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.pccw.com/ir](http://www.pccw.com/ir).

### RECOMMENDATION

The Directors consider that the proposals for (1) the re-election of Directors; (2) the grant of the general mandates to issue and buy-back Shares; and (3) the termination of the HKT Existing Scheme and the adoption of the HKT New Scheme, are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

### FURTHER INFORMATION

Your attention is drawn to Appendix 1 to this circular which sets out biographical information of the Directors proposed to be re-elected at the AGM in accordance with the requirements of the Listing Rules, Appendix 2 which provides an explanatory statement on the proposed general mandate for buy-back of Shares and Appendix 3 which sets out the summary of the principal terms of the HKT New Scheme.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,  
For and on behalf of the Board  
**BG Srinivas**  
*Group Managing Director*

*In accordance with Article 101 of the Articles, Mr. Tse Sze Wing, Edmund, Mr. Aman Mehta, Ms. Frances Waikwun Wong, Mr. Bryce Wayne Lee and Mr. David Lawrence Herzog will offer themselves for re-election at the AGM. Their biographical information is set out below to enable Shareholders to make an informed decision on their re-election. Save for the information disclosed below and in the Company's 2020 Annual Report, there is no other information which is discloseable pursuant to any requirements set out in Rule 13.51(2) of the Listing Rules and there are no matters concerning the Directors proposed to be re-elected that need to be brought to the attention of the Shareholders.*

#### **1. Tse Sze Wing, Edmund**

Mr. Tse, aged 83, is a Non-Executive Director of PCCW. He was an Independent Non-Executive Director of PCCW from September 2009 to March 2011 and was re-designated to a Non-Executive Director of PCCW in March 2011. He is also a member of the Regulatory Compliance Committee of the Board.

Mr. Tse is the Independent Non-Executive Chairman and an Independent Non-Executive Director of AIA Group Limited. From 1996 until June 2009, Mr. Tse was Director of American International Group, Inc. (“AIG”) and from 2001 until June 2009, he was Senior Vice Chairman – Life Insurance of AIG. From 2000 until June 2009, he was Chairman and Chief Executive Officer of American International Assurance Company, Limited and from 2005 until April 2015, he was the Chairman of The Philippine American Life and General Insurance Company. Mr. Tse has held various senior positions and directorships in other AIG companies. Mr. Tse is also the Non-Executive Chairman for Asia ex-Japan of PineBridge Investments Asia Limited and a Director of Bridge Holdings Company Limited which are asset management companies owned indirectly by Mr. Li Tzar Kai, Richard, the Chairman of PCCW. Mr. Tse was a Non-Executive Director of PICC Property and Casualty Company Limited from June 2004 until July 2014.

Mr. Tse was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2001 in recognition of his outstanding efforts in respect of the development of Hong Kong's insurance industry. Mr. Tse graduated with a Bachelor of Arts degree in Mathematics from the University of Hong Kong (HKU) in 1960. HKU conferred an Honorary Fellowship and an Honorary Doctorate Degree in Social Sciences on Mr. Tse in 1998 and 2002 respectively. He also obtained diplomas from the College of Insurance and the Graduate School of Business of Stanford University. He has extensive management experience in the insurance market, both in Asia and globally. In 2003, Mr. Tse was elected to the prestigious Insurance Hall of Fame and in 2017, Mr. Tse was awarded the first ever “Lifetime Achievement Award” at the Pacific Insurance Conference in recognition of his outstanding contribution to the insurance industry. In 2018, Mr. Tse was conferred an Honorary Degree of Doctor of Business Administration by Lingnan University. In 2019, Mr. Tse was also conferred Fellowship by the Hong Kong Academy of Finance. Mr. Tse serves many community and professional organizations as well as educational institutions. He is also a director of AIA Foundation, which supports charitable causes in Hong Kong.

Save as disclosed above, Mr. Tse did not hold other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Other than the positions disclosed above and any information set out in the Company's 2020 Annual Report, Mr. Tse is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Tse had a family interest in 367,479 Shares. Save as disclosed above, Mr. Tse did not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is no service contract entered into between Mr. Tse and the Company but he has entered into a letter of appointment as a Non-Executive Director of the Company for a term of three years, pursuant to which he is entitled to an annual Director's fee of HK\$248,800. Such fee is determined with reference to his responsibilities with the Company and the Company's remuneration policy. Mr. Tse is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

## 2. Aman Mehta

Mr. Mehta, aged 74, became an Independent Non-Executive Director of PCCW in February 2004 and is the Chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Board. He is also an Independent Non-Executive Director of HKT Limited ("**HKT**") and HKT Management Limited, the trustee-manager of the HKT Trust, and the Chairman of HKT's Nomination Committee.

Mr. Mehta joined the Board following a distinguished career in the international banking community. Mr. Mehta held the position of Chief Executive Officer of The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") until December 2003, when he retired.

Born in India in 1946, Mr. Mehta joined HSBC group in Bombay in 1967. After a number of assignments throughout HSBC group, he was appointed Manager – Corporate Planning at HSBC's headquarters in Hong Kong in 1985. After a three-year posting to Riyadh in Saudi Arabia, he was appointed Group General Manager in 1991, and General Manager – International the following year, with responsibility for overseas subsidiaries. He subsequently held senior positions in the United States, overseeing HSBC group companies in the Americas and later becoming responsible for HSBC's operations in the Middle East.

In 1998, Mr. Mehta was reappointed General Manager – International, after which he became Executive Director International. In 1999, he was appointed Chief Executive Officer, a position he held until retirement.

Following his retirement in December 2003, Mr. Mehta took up residence in New Delhi. He is an Independent Director on the board of several public companies and institutions in India and internationally. He is an Independent Non-Executive Director of Godrej Consumer Products Limited, Wockhardt Limited and Tata Steel Limited in Mumbai, India; and Max Financial Services Limited in New Delhi, India. He was an Independent Non-Executive Director of Emaar MGF Land Limited, Jet Airways (India) Limited, Cairn India Limited, Vedanta Resources plc, Tata Consultancy Services Limited and Vedanta Limited; and an Independent Director on the Supervisory Board of ING Groep N.V., a Netherlands company.

Mr. Mehta is also a member of the Governing Board of Indian School of Business, Hyderabad.



Save as disclosed above, Mr. Mehta did not hold other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Other than the positions disclosed above and any information set out in the Company's 2020 Annual Report, Mr. Mehta is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Mehta did not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between Mr. Mehta and the Company but he has entered into a letter of appointment as an Independent Non-Executive Director of the Company for a term of three years, pursuant to which he is entitled to an annual Director's fee of HK\$248,800 and an additional fee of HK\$124,400 per annum for each of the Chairman position held in the Audit Committee, the Nomination Committee and the Remuneration Committee. Such fees are determined with reference to his responsibilities with the Company and the Company's remuneration policy. He has also entered into a letter of appointment as an Independent Non-Executive Director of each of HKT and the Trustee-Manager, pursuant to which he is entitled to an annual director's fee of HK\$248,800 and an additional fee of HK\$124,400 as the Chairman of the Nomination Committee from HKT but is not entitled to any remuneration from the Trustee-Manager. Mr. Mehta is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

### 3. Frances Waikwun Wong

Ms. Wong, aged 59, was appointed an Independent Non-Executive Director of PCCW effective from March 2012 and is the Chairwoman of the Regulatory Compliance Committee, and a member of the Nomination Committee and the Remuneration Committee of the Board. She is also an Independent Non-Executive Director of HKT Limited ("HKT") and HKT Management Limited, the trustee-manager of the HKT Trust, and the Chairwoman of HKT's Remuneration Committee, and an Independent Non-Executive Director of Pacific Century Regional Developments Limited.

Ms. Wong is currently a financial advisor of Good Harbour Finance Limited. She began her career as a management consultant at McKinsey & Company in the United States. Ms. Wong returned to Hong Kong and joined the Hutchison Whampoa group of companies in 1988, taking on various positions. She was managing director of Weatherite Manufacturing Limited, an air conditioning manufacturer. Later, Ms. Wong became chief executive officer of Metro Broadcast Corporation Limited. Eventually, she became chief financial officer of Star TV, Asia's first satellite television company. After leaving the Hutchison Whampoa Group, she became group chief financial officer for the Pacific Century Group. After she resigned from the Pacific Century Group, she founded the Independent Schools Foundation in Hong Kong in 2000.

Ms. Wong was educated in the United States at Stanford University where she received a Bachelor of Science degree. She holds a Master of Science degree from the Massachusetts Institute of Technology. Ms. Wong was a member of the Central Policy Unit, the Government of the Hong Kong Special Administrative Region (think tank). She has served on many educational boards including the Canadian International School of Hong Kong, The Open University of Hong Kong and was a member of the Joint Committee on Student Finance of Student Financial Assistance Agency.



Save as disclosed above, Ms. Wong did not hold other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Other than the positions disclosed above and any information set out in the Company's 2020 Annual Report, Ms. Wong is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Wong did not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between Ms. Wong and the Company but she has entered into a letter of appointment as an Independent Non-Executive Director of the Company for a term of three years, pursuant to which she is entitled to an annual Director's fee of HK\$248,800. Such fee is determined with reference to her responsibilities with the Company and the Company's remuneration policy. She has also entered into a letter of appointment as an Independent Non-Executive Director of each of HKT and the Trustee-Manager, pursuant to which she is entitled to an annual director's fee of HK\$248,800 and an additional fee of HK\$124,400 as the Chairwoman of the Remuneration Committee from HKT but is not entitled to any remuneration from the Trustee-Manager. Ms. Wong is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

#### 4. Bryce Wayne Lee

Mr. Lee, aged 56, was appointed an Independent Non-Executive Director of PCCW in May 2012 and is a member of the Audit Committee and the Remuneration Committee of the Board.

Mr. Lee joined Silver Lake in 2011 and is a Managing Director of Silver Lake, with responsibilities for both the Kraftwerk and Partners strategies (principally dedicated to the Asia region for Silver Lake Partners). Previously, he was a Managing Director of Credit Suisse Group AG ("**Credit Suisse**") in the Investment Banking division, serving as head of the Technology Group for the Americas and as co-head of the Alternative Energy Group. Mr. Lee was instrumental in building a number of Credit Suisse's franchises including its Asian technology investment banking business and was named to Forbes magazine's "Midas List" of the top 100 technology dealmakers in the world. He was a member of Credit Suisse's Investment Banking Committee and served on the Managing Director Evaluation Committee. Mr. Lee is a member of the Council on Foreign Relations.

Mr. Lee is currently on the board of directors of Eka Software Solutions and Peloton Computer Enterprises, in addition to being responsible for Silver Lake Kraftwerk's investment in Didi Chuxing and Omio (formerly GoEuro). Previously, he served on the board of Quorum Business Solutions. Mr. Lee graduated from Stanford University.

Save as disclosed above, Mr. Lee did not hold other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Other than the positions disclosed above and any information set out in the Company's 2020 Annual Report, Mr. Lee is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lee did not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between Mr. Lee and the Company but he has entered into a letter of appointment as an Independent Non-Executive Director of the Company for a term of three years, pursuant to which he is entitled to an annual Director's fee of HK\$248,800. Such fee is determined with reference to his responsibilities with the Company and the Company's remuneration policy. Mr. Lee is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

#### **5. David Lawrence Herzog**

Mr. Herzog, aged 61, was appointed an Independent Non-Executive Director of PCCW in October 2017. He is also a member of the Remuneration Committee, the Nomination Committee and the Regulatory Compliance Committee of the Board.

Mr. Herzog retired from AIG in April 2016 after seven and a half years as the Executive Vice President and Chief Financial Officer. Mr. Herzog joined American General Corporation in February 2000 as Executive Vice President and Chief Financial Officer of the Life Division. Following AIG's acquisition of American General in 2001, he was also named Chief Operating Officer for the combined U.S. domestic life insurance companies. He was elected Vice President, Life Insurance for AIG in 2003 before being named Vice President and Chief Financial Officer, Global Life Insurance in 2004. In 2005, Mr. Herzog was named Comptroller, an office he held until October 2008 when he was appointed to the position from which he retired in 2016. As Chief Financial Officer for AIG, Mr. Herzog was part of the team that oversaw the restructuring of the company, including over 50 divestitures, debt reductions and maturity profile rebalancing, repayment of the U.S. Government support with an approximate US\$23 billion profit and led the Finance Team Transformation of technology, processes and talent.

Prior to joining American General, Mr. Herzog held numerous positions at General American Life Insurance Company. Prior to joining General American Life, Mr. Herzog was Vice President and Controller for Family Guardian Life, a CitiGroup company and an Audit Supervisor with Coopers & Lybrand.

Mr. Herzog serves on the board of directors of Ambac Financial Group, Inc. and is Chairman of its Audit Committee. Mr. Herzog also serves on the board of directors for MetLife, Inc. and is a member of its Finance and Risk Committee, Compensation Committee and chairs the Audit Committee. Mr. Herzog also serves on the board of directors of DXC Technology and is Chairman of its Audit Committee. He is a former Director of AerCap Holdings N.V. and International Lease Finance Corporation prior to its sale to AerCap. In addition, Mr. Herzog has served on the boards of directors for numerous U.S. and foreign subsidiary insurance company boards.

Mr. Herzog holds a bachelor's degree in Accountancy from the University of Missouri – Columbia and an M.B.A. in Finance and Economics from the University of Chicago. Additionally, he has attained the designations of Certified Public Accountant, Fellow in the Life Office Management Association and Fellow of the National Association of Corporate Directors.

Save as disclosed above, Mr. Herzog did not hold other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Other than the positions disclosed above and any information set out in the Company's 2020 Annual Report, Mr. Herzog is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Herzog did not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between Mr. Herzog and the Company but he has entered into a letter of appointment as an Independent Non-Executive Director of the Company for a term of three years, pursuant to which he is entitled to an annual Director's fee of HK\$248,800. Such fee is determined with reference to his responsibilities with the Company and the Company's remuneration policy. Mr. Herzog is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

*The following is the Explanatory Statement required to be sent to Shareholders under the Listing Rules in connection with the proposed general mandate for the buy-back of securities and also constitutes the memorandum required under Section 239 of the Companies Ordinance:*

## **1. LISTING RULES REQUIREMENT FOR BUY-BACK OF SECURITIES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy-back their securities (which shall include, where the context permits, shares of all classes and securities which carry a right to subscribe or purchase shares, of a company, and shall include warrants) on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

### **(a) Shareholders' approval**

All on-market securities buy-backs on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

### **(b) Source of funds**

Buy-backs must be funded out of funds which are legally available for the purpose in accordance with the company's constitutional documents and the laws of Hong Kong.

## **2. ISSUED SHARES**

As at the Latest Practicable Date, the issued Shares comprised 7,729,638,249 Shares.

Subject to the passing of Ordinary Resolution No. 6 set out in the Notice (the "**Buy-back Mandate**"), the Company would be allowed to buy-back a maximum of 772,963,824 Shares on the assumption that there is no variation to the issued Shares during the period from the Latest Practicable Date to the date of passing of the resolution approving the Buy-back Mandate. Such number of Shares referred to above shall, where applicable, be adjusted in the event that the Shares in issue as at the date of passing the resolution are, at any time thereafter, converted into a larger or smaller number of Shares.

## **3. REASONS FOR BUY-BACK**

The Directors believe that it is in the best interests of the Company and its Shareholders as a whole to seek a general authority from Shareholders to enable the Company to buy-back Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net assets and/or its earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and its Shareholders as a whole.

#### 4. FUNDING OF AND IMPACT OF BUY-BACK

Buy-backs pursuant to the Buy-back Mandate would be financed entirely from the Company's available cash flow or working capital facilities. Any buy-backs will only be funded out of funds of the Company legally available for the purpose in accordance with the Articles and the laws of Hong Kong.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited financial statements) in the event that the Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### 5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months up to the Latest Practicable Date were as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2020</b>		
March	4.77	3.85
April	4.75	4.16
May	4.79	4.18
June	4.53	4.20
July	4.50	4.34
August	5.19	4.35
September	4.96	4.44
October	5.06	4.52
November	4.86	4.64
December	4.84	4.63
<b>2021</b>		
January	4.67	4.28
February	4.62	4.35
March (up to the Latest Practicable Date)	4.56	4.31

## 6. DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange that they will exercise the Buy-back Mandate in accordance with the Listing Rules, the laws of Hong Kong and the provisions set out in the Articles.

If as a result of a buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The Directors do not intend to exercise the Buy-back Mandate to such an extent as would result in a Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory general offer under Rule 26 of the Takeovers Code and, accordingly, it is not anticipated that purchases of Shares under the Buy-back Mandate will give rise to any consequences under the Takeovers Code.

As at the Latest Practicable Date, Mr. Li Tzar Kai, Richard, companies controlled by him and his related trusts are deemed under the SFO to be interested in an aggregate of 2,391,129,358 Shares, representing approximately 30.93% of the total number of Shares then in issue. If the Directors were to exercise the Buy-back Mandate in full, then (assuming the number of Shares in which Mr. Li Tzar Kai, Richard, companies controlled by him and his related trusts are interested as at the Latest Practicable Date remains the same) the aggregate percentage shareholding in the Company of Mr. Li Tzar Kai, Richard, companies controlled by him and his related trusts would be increased to approximately 34.37% of the total number of Shares in issue. In the opinion of the Directors, such increase may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. However, the Directors have no present intention to exercise the Buy-back Mandate to such an extent as would result in a mandatory offer obligation arising.

Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of an exercise of the Buy-back Mandate.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), presently intend to sell any Shares to the Company or its subsidiaries under the Buy-back Mandate in the event that the Buy-back Mandate is approved by Shareholders.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have any present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them, to the Company in the event that the Buy-back Mandate is approved by Shareholders.

## 7. SHARE BUY-BACKS MADE BY THE COMPANY

The Company has not bought-back any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

*The following is a summary of the principal terms of the HKT New Scheme to be approved at the AGM. Such summary does not form, nor is it intended to be, part of the HKT New Scheme, nor should it be taken as affecting the interpretation of the rules of the HKT New Scheme. The HKT Directors reserve the right at any time prior to the HKT 2021 AGM to make such amendments to the HKT New Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix.*

## 1. PURPOSE OF THE HKT NEW SCHEME

The purpose of the HKT New Scheme is to enable the HKT Trust and HKT, acting jointly by mutual agreement between them, to grant Options to full-time or part-time employees, directors (including executive, non-executive or independent non-executive) and any consultants or advisers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and/or business partner of HKT and/or any of its subsidiaries (the “**Eligible Participants**”) as incentives or rewards for their contribution to the growth of the HKT Group and to provide the HKT Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

No Options will be granted under the HKT New Scheme unless the grant of such Options is in compliance with all the requirements of the Listing Rules.

## 2. TERMS OF THE HKT NEW SCHEME

### (a) Who may join

The HKT Board may, at its absolute discretion, offer the Eligible Participants, Options to subscribe for such number of Share Stapled Units as the HKT Board may determine at a subscription price determined in accordance with paragraph (b) below, and subject to the other terms of the HKT New Scheme summarized below.

An offer of grant of an Option shall remain open for acceptance by the Eligible Participant concerned for such period as determined by the HKT Board, which period shall not be more than 14 days from the date of the offer, provided that no such offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the HKT New Scheme has been terminated in accordance with the provisions thereof. Upon acceptance of the offer, the date on which the Option is offered shall be deemed to be the date of grant of the relevant Option, except in determining the date of grant for the purpose of calculating the subscription price under paragraph (b) where paragraphs (c)(vi) and (d)(iii) apply.

The Trustee-Manager is not an Eligible Participant under the HKT New Scheme.

The basis of eligibility of any Eligible Participant(s) for the grant of any Option shall be determined by the HKT Board from time to time, based on who, in the opinion of the HKT Directors, has contributed or will contribute to the development and growth of the HKT Group. When determining the eligibility of any Eligible Participant(s), the HKT Board will take into account such factors as the HKT Board may at its discretion consider appropriate on a case-by-case basis, including each Eligible Participant’s contribution or future contribution to the HKT Group and the HKT Group’s need to develop, retain, motivate or otherwise maintain the business relationship with

the Eligible Participant. The inclusion of such classes of Eligible Participants provides the HKT Group with a more flexible means to encourage Eligible Participants to work towards enhancing the value of the HKT Group for the benefit of the HKT Group and Holders of Share Stapled Units as a whole.

**(b) Price of Share Stapled Units**

The subscription price for Share Stapled Units in respect of any particular Option granted under the HKT New Scheme shall be such price as the HKT Board shall determine, provided that such price shall not be less than the highest of (i) the closing price per Share Stapled Unit on the main board as stated in the Stock Exchange's daily quotation sheet on the date of offer of the Option, which must be a business day; (ii) the average closing price per Share Stapled Unit on the main board as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the date of offer of the Option and (iii) the nominal value of a Share Stapled Unit.

**(c) Maximum number of Share Stapled Units**

- (i) Notwithstanding any other provisions of the HKT New Scheme, no Options may be granted under the HKT New Scheme if the exercise of the Option may result in PCCW ceasing to hold at least 51% of the Share Stapled Units in issue (on a fully diluted basis assuming full conversion or exercise of all outstanding Options and other rights of subscription, conversion and exchange for Share Stapled Units).
- (ii) In addition, as prescribed by the Listing Rules, the maximum aggregate number of Share Stapled Units which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the HKT New Scheme and any other share option schemes of the HKT Trust and HKT must not exceed 30% of the issued Share Stapled Units from time to time. No Options may be granted under the HKT New Scheme if this will result in such limit being exceeded.
- (iii) Subject to the further limitation in (i) above, as required by the Listing Rules, the total number of Share Stapled Units which may be issued upon exercise of all Options to be granted under the HKT New Scheme and any other share option schemes of the HKT Trust and HKT must not, in aggregate, exceed 10% of the issued Share Stapled Units as at the Adoption Date (the “**Scheme Mandate Limit**”) unless the approval of Holders of Share Stapled Units has been obtained pursuant to paragraph (c)(iv) or (c)(vi) below. Any Options lapsed in accordance with the terms of the HKT New Scheme or any other share option scheme of the HKT Trust and HKT shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iv) Subject to the further limitation in (i) above, the HKT Board may seek approval by Holders of Share Stapled Units in general meeting to renew the Scheme Mandate Limit. However, the total number of Share Stapled Units which may be issued upon exercise of all Options to be granted under the HKT New Scheme and any other share option schemes of the HKT Trust and HKT in these circumstances must not exceed 10% of the issued Share Stapled Units at the date of approval of the renewed limit (the “**Renewed Scheme Mandate Limit**”), as required by the Listing Rules.



- (v) In the event of a consolidation or subdivision of the Share Stapled Units occurring after the approval of Holders of Share Stapled Units in respect of the 10% limit pursuant to the Scheme Mandate Limit or the Renewed Scheme Mandate Limit (as the case may be) has been obtained, the maximum number of Share Stapled Units which may be issued upon exercise of all Options to be granted under the HKT New Scheme and any other share option schemes of the HKT Trust and HKT under such 10% limit as a percentage of the total number of issued Share Stapled Units at the date immediately before and after such consolidation or subdivision, shall be the same.
- (vi) Unless approved by the Holders of Share Stapled Units in the manner set out in this paragraph (vi), the total number of Share Stapled Units issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options under the HKT New Scheme) in any 12-month period must not exceed 1% of the issued Share Stapled Units. Where any further grant of Options to an Eligible Participant would result in the total number of Share Stapled Units issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options under the HKT New Scheme) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued Share Stapled Units as at the date of such further grant, such further grant must be subject to the separate approval of an ordinary resolution of Holders of Share Stapled Units in general meeting with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person) abstaining from voting. A circular must be sent to the Holders of Share Stapled Units, disclosing the identity of the Eligible Participant, the number and the terms of the Options previously granted and to be granted and containing the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the subscription price for Share Stapled Units) of the Options to be granted to such Eligible Participant must be fixed before Holders of Share Stapled Units' approvals and the date of the meeting of the HKT Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price under paragraph (b) above.

**(d) Restrictions on grant of Options**

- (i) No offer or grant of an Option shall be made after inside information has come to the knowledge of the Trustee-Manager and/or HKT, until and including the trading day after such inside information has been announced in accordance with the relevant requirements of the Listing Rules and, in particular, no Eligible Participant shall be granted an Option during the period commencing one month immediately before the earlier of:
- (1) the date of meeting of the HKT Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the annual results, the interim results or the quarterly or any other interim period results of the HKT Trust and HKT (whether or not required under the Listing Rules); and

- (2) the deadline for the HKT Trust and HKT to announce its annual results, interim results or quarterly results under the Listing Rules or any other interim period results (whether or not required under the Listing Rules),

and ending on the date of announcement for such results. For the avoidance of doubt, no Options may be granted during any period of delay in publishing a results announcement.

- (ii) Any grant of Options to a HKT Director, a chief executive of the Trustee-Manager or HKT or a Substantial Holder of Share Stapled Units or any of their respective associates must be approved by all of the independent non-executive directors of the Trustee-Manager and HKT (collectively, the “HKT INED(s)”) (excluding any HKT INED who is the grantee of the Options).
- (iii) Where Options are proposed to be granted to a Substantial Holder of Share Stapled Units or a HKT INED or any of their respective associates, and the proposed grant of Options would result in the total number of Share Stapled Units issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total issued Share Stapled Units on the date of offer and having an aggregate value, based on the closing price of the Share Stapled Units on the date of each grant, in excess of HK\$5 million, such further grant of Options must be subject to the approval of an ordinary resolution of Holders of Share Stapled Units taken on a poll in general meeting. In addition, the date of the meeting of the HKT Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price under paragraph (b) above. The connected person involved in such proposed grant, the grantee and his/her associates, and all other core connected persons of the HKT Trust and HKT must abstain from voting in such general meeting (except that any connected person may vote against the proposed grant provided that his/her intention to do so has been stated in the Holders of Share Stapled Units’ circular). A Holders of Share Stapled Units’ circular must be prepared and sent by the Trustee-Manager and HKT, containing (1) details of the number and terms (including the subscription price) of the Options to be granted to each Eligible Participant, which must be fixed before the Holders of Share Stapled Units’ meeting; (2) a recommendation from the HKT INEDs (excluding a recommendation from the HKT INEDs who are the grantees of the Options) to the independent Holders of Share Stapled Units as to voting; (3) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and (4) the information required under Rule 2.17 of the Listing Rules.

**(e) Time of and restrictions on exercise of Option**

An Option may be exercised in whole or in part in accordance with the terms of the HKT New Scheme at any time during a period to be notified by the HKT Board to each grantee, the expiry date of such period not to exceed ten (10) years from the date of grant of the Option.

There is no general requirement on the minimum period for which an Option must be held or the performance targets which must be achieved before an Option can be exercised under the terms of the HKT New Scheme. However, the HKT Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance targets to be achieved before such Options can be exercised as the HKT Board may determine in its absolute discretion.

**(f) Assignment**

Options granted under the HKT New Scheme must be personal to the grantee, which shall not sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or attempt so to do. Any breach of the foregoing by the grantee shall entitle the Trustee-Manager and HKT to cancel any Option granted to such grantee (to the extent not already exercised).

**(g) Rights on cessation of employment by death**

If the grantee of an Option (being an individual) ceases to be an Eligible Participant by reason of death and none of the events set out in paragraph (i) below which would be a ground for the termination of his/her employment, directorship, appointment or engagement arises, his/her personal representative(s) may exercise the Option up to the entitlement of the grantee as at the date of death (to the extent which has become exercisable but not already exercised) within a period of twelve (12) months from the date of death (or such longer period as the HKT Board may determine or, if any of the events referred to in paragraphs (k), (l) and (m) below occurs during such period, his/her personal representative(s) may exercise the Option pursuant to paragraphs (k), (l) and (m) below within such period), failing which the Option will lapse.

**(h) Right on winding up of, or material changes in, the grantee**

If a grantee (being a corporation):

- (i) commences winding up by whatever means, whether voluntarily or not; or
- (ii) suffer a change in its constitution, management, directors, shareholding or beneficial ownership which in the opinion of the HKT Board is material, the Option (to the extent not already exercised) shall lapse on the date of the commencement of winding up of the grantee or on the date of notification by the Trustee-Manager and HKT that the said change in constitution, management, directors, shareholding or beneficial ownership is material, as the case may be, and not be exercisable unless the HKT Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the HKT Board may in its absolute discretion determine following the date of such occurrence. A resolution of the HKT Board resolving that the grantee's Option has lapsed by reason of material change in the constitution, management, directors, shareholding or beneficial ownership as aforesaid shall be final and conclusive.

**(i) Rights on dismissal of the grantee**

If the grantee of an Option ceases to be an Eligible Participant by reason of the termination of his/her employment, directorship, appointment or engagement on any one or more of the grounds that he/she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has breached or failed to comply with any provisions of the relevant service contract, letter of appointment or other contracts or agreements of the grantee with HKT or the relevant subsidiary for the employment, appointment or engagement, or has been convicted of any criminal offence involving his/her integrity or honesty or on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the service contract or letter of appointment or other contract or agreement for employment, appointment or engagement of the grantee with HKT or the relevant subsidiary, his/her Option (to the extent not already exercised) will lapse and not be exercisable on the date of termination of his/her employment, directorship, appointment or engagement. A resolution of the HKT Board or the board of directors or governing body of the relevant subsidiary of HKT to the effect that the employment, directorship, appointment or engagement of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph (i) shall be conclusive.

**(j) Right on cessation of eligibility for other reasons**

If the grantee of an Option ceases to be an Eligible Participant for any other reason, the grantee may exercise the Option up to his/her entitlement at the date of cessation (to the extent which has become exercisable but has not already been exercised) within three (3) months following the date of such cessation (or such longer period as the HKT Board may determine or, if any of the events referred to in paragraphs (k), (l) and (m) below occurs during such period, he/she may exercise the Option pursuant to paragraphs (k), (l) and (m) below within such period), failing which the Option will lapse. The date of cessation as aforesaid shall be the last working day with HKT or the relevant subsidiary, whether salary or compensation is paid in lieu of notice or not, or the last date of office or appointment as director, or the last date of appointment or engagement as consultant or adviser to HKT or the relevant subsidiary, as the case may be, in the event of which, the date of cessation as determined by a resolution of the HKT Board or the board of directors or governing body of the relevant subsidiary of HKT shall be conclusive.

**(k) Rights on a general offer or a scheme of arrangement (if permitted)**

If a general or partial offer, whether by way of take-over offer, share buy-back offer, or otherwise in like manner is made to all the Holders of Share Stapled Units, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror or if there is proposed a scheme of arrangement, the Trustee-Manager and HKT shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, with appropriate changes; and assuming that they will become, by the exercise in full of the Options granted to them (whether or not they have then become exercisable), Holders of Share Stapled Units. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Holders of Share Stapled Units, a grantee shall, notwithstanding any other terms on which his/her Options were granted, be entitled to exercise

his/her Option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Trustee-Manager and HKT in exercise of his/her Option at any time up to the close of such offer (or any revised offer) or the record date for entitlements under a scheme of arrangement. Subject to the above, an Option (to the extent not already exercised) will lapse automatically on the date on which such offer (or, as the case may be, revised offer) closes or the record date for entitlements under a scheme of arrangement.

**(l) Rights on winding up**

In the event that a notice is given to the Holders of Share Stapled Units to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the HKT Trust and/or HKT, the Trustee-Manager and HKT shall on the same date as they despatch such notice of the proposed general meeting to each Holder of Share Stapled Units, give notice thereof to the grantee (or his/her personal representatives), who may, by notice in writing to the Trustee-Manager or HKT, as the case may be, (such notice to be received by the Trustee-Manager or HKT, as the case may be, not later than five (5) business days prior to the proposed general meeting) accompanied by a remittance/payment for the full amount of the aggregate subscription price for the Share Stapled Units in respect of which the notice is given, exercise the Option (to the extent which it has become exercisable but has not been already exercised) either to its full extent or to the extent specified in such notice and the Trustee-Manager and HKT shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot and issue such number of Share Stapled Units to the grantee which falls to be issued on such exercise, credited as fully paid up and register the grantee as holder thereof. Any Options shall, to the extent they have not been so exercised, lapse and determine.

**(m) Rights on compromise or arrangement**

If, pursuant to the Cayman Companies Law or other applicable law, a compromise or scheme of arrangement between HKT and its members and/or creditors is proposed for the purpose of or in connection with the reconstruction of HKT or its amalgamation with any other company or companies, the Trustee-Manager and/or HKT shall give notice thereof to all grantees (or to their personal representatives) on the same day as it gives notice to the members or creditors of HKT summoning a meeting to consider such a compromise or scheme of arrangement. Upon receipt of the notice, the grantee may, during the period commencing on the date of the notice and ending on earlier of:

- (i) the date two calendar months thereafter; and
- (ii) the date on which such compromise or arrangement is sanctioned by the court,

exercise his/her Option (to the extent it has become exercisable but has not already been exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. HKT may require the grantee to transfer or otherwise deal with the Share Stapled Units issued as a result of the exercise of the Options in these circumstances so as to place the grantee in the same position as nearly would have been the case had such Share Stapled Units been subject to the compromise or arrangement. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been so exercised, lapse and determine. If for any

reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective Options shall with effect from the date of the making of the final decision of the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the HKT New Scheme) as if such compromise or arrangement had not been proposed by HKT and no claim shall lie against the HKT Trust, the Trustee-Manager, HKT or any of its subsidiaries or any of their respective officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

**(n) Effects of alterations to share capital**

In the event of any capitalization of profits or reserves, rights issue or other similar offer of securities to Holders of Share Stapled Units, consolidation, subdivision, or reduction of the share capital of HKT or the Units in the HKT Trust in accordance with legal requirements and the requirements of the Stock Exchange (other than an issue of Share Stapled Units as consideration in respect of a transaction to which the HKT Trust, HKT and/or any of its subsidiaries is a party), the number or nominal amount of Share Stapled Units subject to the Options granted pursuant to the HKT New Scheme so far as unexercised and/or the subscription price or any combination thereof, shall be adjusted in such manner as the auditors for the time being of the HKT Trust and HKT or an independent financial adviser to be appointed by the HKT Trust and HKT for such purpose shall certify in writing to the HKT Board to be in their opinion fair and reasonable provided always that:

- (i) no such alterations shall be made the effect of which would be to enable any Share Stapled Unit to be issued at less than its nominal value;
- (ii) such adjustments shall be made on the basis that the grantee shall have as nearly as possible the same proportion of the issued Share Stapled Units to which the grantee was entitled before such adjustments; and
- (iii) notwithstanding (ii) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalization issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per Share Stapled Unit figures,

and in each case, any adjustment must be made in compliance with the Listing Rules (including Chapter 17 thereof), the supplementary guidance issued on November 6, 2020 and any further guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalization issue, the auditors for the time being of the HKT Trust and HKT or an independent financial adviser must confirm to the HKT Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules or the relevant guidance or interpretation thereof.

**(o) Ranking of Share Stapled Units**

The Share Stapled Units to be issued and allotted upon the exercise of Options granted under the HKT New Scheme will be subject to all the provisions of the Trust Deed and the HKT Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Share Stapled Units in issue on the date on which Share Stapled Units are allotted to the grantee (or his/her personal representative(s)) (the “**Allotment Date**”) and accordingly will entitle the holders to participate in all dividends or other distributions declared paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the Allotment Date.

**(p) Lapse of Option**

The right to exercise an Option shall lapse automatically (to the extent not already exercised) immediately upon the earliest of:

- (i) the expiry of the period referred to in paragraph (e) above;
- (ii) the expiry of any of the applicable periods referred to paragraphs (g), (h), (j), (k), (l) or (m) above;
- (iii) subject to paragraph (l) above, the date of the commencement of the winding-up of the HKT Trust or HKT, as the case may be;
- (iv) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his/her employment, directorship, appointment or engagement referred to in paragraph (i) above;
- (v) the date on which the grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to any Option or attempts to do so in breach of the HKT New Scheme.

**(q) Period of the HKT New Scheme**

Subject to the fulfillment of the conditions of the HKT New Scheme and the earlier termination by an ordinary resolution in general meeting of Holders of Share Stapled Units or resolutions of the HKT Board, the HKT New Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date, after which period no further Options will be offered or granted but the provisions of the HKT New Scheme shall remain in full force and effect in all other respects with respect to Options granted during the life of the HKT New Scheme.



**(r) Alteration to the HKT New Scheme and the terms of Options granted under the HKT New Scheme**

All provisions of the HKT New Scheme may, subject to the Listing Rules, be altered from time to time in any respect by a resolution of the HKT Board save that the following alterations shall require the prior sanction of an ordinary resolution in general meeting of Holders of Share Stapled Units:

- (i) any alterations of the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the grantee or the Eligible Participants;
- (ii) any alterations of the terms and conditions of the HKT New Scheme which are of a material nature or any change to the terms of Options granted under the HKT New Scheme (except where the alterations take effect automatically under the existing terms of the HKT New Scheme); and
- (iii) any change to the authority of the HKT Board in relation to any alteration to the terms of the HKT New Scheme.

No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Holders of Share Stapled Units under the Trust Deed for the time being for a variation of the rights attached to the Share Stapled Units. Any amended terms of the HKT New Scheme or Options shall still comply with the relevant requirements of Chapter 17 of the Listing Rules (subject to such waiver as may be granted by the Stock Exchange from time to time).

In respect of any meeting of the grantees which may be held for this purpose, all the provisions of the constitutional documents for the time being of the HKT Trust and HKT as to general meetings of Holders of Share Stapled Units shall *mutatis mutandis* apply as though the Options were a class of Share Stapled Units except that:

- (i) not less than seven (7) days' notice of such meeting shall be given;
- (ii) a quorum at any such meeting shall be two (2) grantees present in person or by proxy and holding Options entitling them to the issue of one-tenth in nominal value of all Share Stapled Units which would fall to be issued upon the exercise of all Options then outstanding unless there is only one grantee holding all Options then outstanding, in which case the quorum shall be one grantee;
- (iii) every grantee present in person or by proxy at any such meeting shall be entitled on show of hands to one vote, and on a poll, to one vote for each Share Stapled Unit to which he/she would be entitled upon exercise in full of his/her Options then outstanding;
- (iv) any grantee present in person or by proxy may demand a poll; and



- (v) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than seven (7) or more than fourteen (14) days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those grantees who are then present in person or by proxy shall form a quorum and at least seven (7) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those grantees who are then present in person or by proxy shall form a quorum.

Where there is any proposed change to the terms of any Options granted to a connected person of the HKT Trust and HKT who is also a Substantial Holder of Share Stapled Units or a HKT INED or any of their respective associates (except where the change takes effect automatically under the existing terms of the HKT New Scheme), then the proposed change must be subject to the approval of an ordinary resolution of Holders of Share Stapled Units taken on poll at a general meeting of the Holders of Share Stapled Units and to such other requirements of the Listing Rules. The connected person involved in such proposed change and all other core connected persons of the HKT Trust and HKT must abstain from voting on the resolution to approve the proposed change to be considered at such general meeting (except that any connected person or core connected person may vote against the proposed change provided that his/her intention to do so has been stated in the circular). A Holders of Share Stapled Units' circular must be prepared and sent by the Trustee-Manager and HKT explaining the proposed change and disclosing the original terms of the Options, and containing a recommendation from the HKT INEDs (excluding a HKT INED who is the holder of the Options which terms are to be changed) on whether or not to vote in favour of the proposed change and containing such other information required under the Listing Rules.

**(s) Administration of the HKT New Scheme**

The HKT New Scheme shall be administered by the HKT Board.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the HKT Board may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the HKT New Scheme.

**(t) Termination of the HKT New Scheme**

The Holders of Share Stapled Units by ordinary resolution in general meeting of Holders of Share Stapled Units or by resolutions passed by the HKT Board may at any time terminate the operation of the HKT New Scheme and in such event no further Option shall be offered but the provisions of the HKT New Scheme shall remain in full force and effect in all other respects in respect of any Options granted prior thereto but not yet exercised at the time of termination. Upon such termination, details of the Options granted, including Options exercised or outstanding shall be disclosed in the circular to Holders of Share Stapled Units seeking approval of the first new scheme to be established after such termination.

**(u) Cancellation of Options**

Subject to paragraph (f) above, any cancellation of Options granted but not exercised shall be approved by the HKT Board. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the HKT New Scheme and the requirements of the Listing Rules and provided further that new Options may be issued to a grantee in place of his/her cancelled Options only if there are available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit or the Renewed Scheme Mandate Limit.

Any reference to the “**HKT Board**” above shall include a duly authorized committee of the HKT Board.

**3. MISCELLANEOUS**

The HKT New Scheme is conditional on:

- (a) the passing of the necessary resolutions by the Holders of Share Stapled Units in general meeting to (1) terminate the HKT Existing Scheme and (2) approve and adopt the HKT New Scheme, and to authorize the HKT Board to grant Options under the HKT New Scheme and to allot, issue and deal with the Share Stapled Units which may be issued pursuant to the exercise of Options to be granted under the HKT New Scheme;
- (b) the passing of the necessary resolutions by the Shareholders in general meeting to (1) terminate the HKT Existing Scheme and (2) approve the adoption of the HKT New Scheme by the Trustee-Manager and HKT; and
- (c) the Listing Committee granting (i) approval of the listing of, and permission to deal in, the Share Stapled Units which may be issued pursuant to the exercise of Options to be granted under the HKT New Scheme, and (ii) if so required by the Stock Exchange, approval of the HKT New Scheme and the grant of Options thereunder.

As at the Latest Practicable Date, no Option has been granted or agreed to be granted under the HKT New Scheme.

Application has been made by the HKT Trust and HKT to the Listing Committee for the approval of the HKT New Scheme and the subsequent granting of Options under the HKT New Scheme and for the listing of, and permission to deal in, the Share Stapled Units which may be issued pursuant to the exercise of the Options to be granted under the HKT New Scheme.

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## NOTICE OF AGM

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### **PCCW Limited** **電訊盈科有限公司**

*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 0008)**

#### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of PCCW Limited (the “**Company**”) will be held on Friday, May 7, 2021 at 12:00 noon at 14th Floor, PCCW Tower, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong, for the following purposes:

1. To receive and adopt the Audited Financial Statements of the Company and the Reports of the Directors and the Independent Auditor for the year ended December 31, 2020.
2. To declare a final dividend of 23 HK cents per ordinary share in respect of the year ended December 31, 2020.
3. To re-elect Directors and authorize the Directors to fix the remuneration of the Directors.
4. To re-appoint Messrs PricewaterhouseCoopers as Auditor and authorize the Directors to fix their remuneration.

To consider and, if thought fit, pass the following as Ordinary Resolutions (with or without modification):

5. **“THAT:**
  - (a) subject to paragraphs (b) and (c) of this Resolution, the Directors be and are hereby granted an unconditional general mandate to allot, issue and deal with additional shares in the capital of the Company and to allot, issue or grant securities convertible into shares in the capital of the Company, options, warrants and other rights to subscribe for any shares in the capital of the Company or such convertible securities and to make or grant offers, agreements and options in respect thereof;
  - (b) such mandate shall not extend beyond the Relevant Period (as defined hereinafter) save that the Directors may during the Relevant Period make or grant offers, agreements, rights and options which might require the exercise of such power after the end of the Relevant Period;
  - (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to paragraph (a) above, otherwise than pursuant to:

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## NOTICE OF AGM

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- (i) a Rights Issue (as defined hereinafter);
- (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;
- (iii) the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or
- (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company;

shall not exceed 20% of the aggregate number of shares of the Company in issue as at the date of passing of this Resolution; and

- (d) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest; and

“**Rights Issue**” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).

“**shares**” shall, for the purposes of the general mandate referred to in this Resolution, mean such number of shares as may be adjusted in the event that the shares in issue as at the date of passing this Resolution are, at any time thereafter, converted into a larger or smaller number of shares.”

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## NOTICE OF AGM

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6. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the Directors be and are hereby granted an unconditional general mandate to buy-back on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**), or any other stock exchange on which the securities of the Company are or may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, shares in the capital of the Company including any form of depositary receipt representing the right to receive such shares issued by the Company and that the exercise by the Directors of all powers of the Company to buy-back such securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares of the Company which may be bought-back by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as defined hereinafter) shall not exceed 10% of the aggregate number of shares of the Company in issue as at the date of passing of this Resolution; and
- (c) for the purpose of this Resolution:

**“Relevant Period”** means the period from the passing of this Resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.

**“shares”** shall, for the purposes of the general mandate referred to in this Resolution, mean such number of shares as may be adjusted in the event that the shares in issue as at the date of passing this Resolution are, at any time thereafter, converted into a larger or smaller number of shares.”

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## NOTICE OF AGM

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7. “**THAT** subject to the passing of Ordinary Resolution No. 6 set out in the notice of this Meeting, the aggregate number of shares of the Company that may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to and in accordance with the mandate granted under Ordinary Resolution No. 5 set out in the notice of this Meeting be and is hereby increased and extended by the addition of the aggregate number of shares in the capital of the Company which may be bought-back by the Company pursuant to and in accordance with the mandate granted under Ordinary Resolution No. 6 set out in the notice of this Meeting, provided that such amount shall not exceed 10% of the aggregate number of shares of the Company in issue as at the date of the passing of this Resolution. For the purposes of this Resolution, “**shares**” shall mean such number of shares as may be adjusted in the event that the shares in issue as at the date of passing this Resolution are, at any time thereafter, converted into a larger or smaller number of shares.”
8. “**THAT:**
- (a) the 2021-2031 share stapled units option scheme (the “**HKT Share Stapled Units Option Scheme**”) of the HKT Trust and HKT Limited (“**HKT**”, a non-wholly owned subsidiary of the Company whose share stapled units jointly issued with the HKT Trust are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)), the rules of which are contained in the document marked “A” produced to this Meeting and for the purpose of identification signed by the Chairman, be and is hereby approved for adoption by the HKT Trust and HKT; and that the Directors be authorized to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the HKT Share Stapled Units Option Scheme; and
- (b) the termination by the HKT Trust and HKT of their existing 2011-2021 share stapled units option scheme, with effect from the date on which the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the share stapled units of the HKT Trust and HKT required to be issued pursuant to the exercise of options which may be granted under the HKT Share Stapled Units Option Scheme be and is hereby approved.”

By order of the board of  
**PCCW Limited**  
**Bernadette M. Lomas**

*Group General Counsel and Company Secretary*

Hong Kong, April 1, 2021

*Registered Office:*

41st Floor, PCCW Tower  
Taikoo Place, 979 King’s Road  
Quarry Bay, Hong Kong

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## NOTICE OF AGM

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*Notes:*

1. Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the Annual General Meeting (or any adjournment thereof) (the “**AGM**”) is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead in accordance with the articles of association of the Company. A proxy need not be a Shareholder.
2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the AGM personally or by proxy, one of the holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. The form of proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power of attorney or authority) must be deposited with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, Investor Communications Centre, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong no later than 48 hours before the time appointed for holding the AGM, otherwise the form of proxy shall not be treated as valid. In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the AGM should they so desire.
4. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be Monday, May 3, 2021. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Monday, May 3, 2021.
5. The record date for the proposed final dividend will be Friday, May 14, 2021. The Company’s register of members will be closed from Thursday, May 13, 2021 to Friday, May 14, 2021 (both days inclusive). During such period, no transfer of shares will be effected. In order to qualify for the proposed final dividend in relation to agenda item no. 2 in this notice, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, May 12, 2021.
6. **In the interests of the health and safety of Shareholders and other participants of the AGM, the Company will implement precautionary measures at the AGM including, without limitation:**
  - **compulsory body temperature screening;**
  - **mandatory use of surgical face masks;**
  - **anyone attending the AGM has to observe good personal hygiene at all times;**
  - **appropriate social distancing and limitation on physical attendance in compliance with the relevant guidance and group gathering regulation as may be issued by the HKSAR Government from time to time; and**
  - **NO distribution of corporate souvenirs or gift coupons and no refreshments will be served.**

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## NOTICE OF AGM

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Attendees are reminded that they should carefully consider the risks of attending the AGM, taking into account their own personal circumstances. Attendees who do not comply with any of the Company's precautionary measures may be denied entry to the AGM venue, at the absolute discretion of the Company as permitted by law.

7. To safeguard the health and safety of Shareholders, and in view of the limit on attendance and seating capacity as may be legally required, the Company strongly encourages Shareholders **NOT to attend the AGM in person**, and advises Shareholders to appoint the Chairman of the AGM or any Director or the Company Secretary of the Company as their proxy to vote according to their indicated voting instructions as an alternative to attending the AGM in person and view the live webcast of the AGM proceedings.
8. The Company will continue to monitor the COVID-19 pandemic situation and may implement further procedures and measures at short notice. Shareholders should check the Company's website ([www.pccw.com](http://www.pccw.com)) for updates on the AGM arrangements.
9. **Online webcast of AGM proceedings:** registered Shareholders not attending the AGM in person may join the AGM online as an observer to view the live webcast of the AGM proceedings through [www.pccw.com/agm2021](http://www.pccw.com/agm2021) and may send questions relevant to the proposed resolutions to the Company from 9:00 a.m. on Monday, May 3, 2021 to 6:00 p.m. on Wednesday, May 5, 2021 via email at [AGM2021@pccw.com](mailto:AGM2021@pccw.com). The Company may not be able to respond to all the questions, but will endeavour, where appropriate, to respond to such questions on the Company's website as soon as practicable after the AGM. Registered Shareholders should note that joining the webcast will not be counted towards a quorum nor will they be able to cast their votes online. Log in details to the webcast will be posted to the registered Shareholders on or about April 1, 2021.
10. In view of the travelling restrictions imposed by various jurisdictions including Hong Kong to prevent the spread of COVID-19, certain Director(s) of the Company may attend the AGM through video conference or similar electronic means.
11. In the event that a typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal is in force on the day of the AGM, Shareholders are suggested to visit the Company's website at [www.pccw.com](http://www.pccw.com) or to contact the Company's share registrar by telephone on (852) 2862 8648 for arrangements of the AGM.
12. References to time and dates in this notice are to Hong Kong time and dates.
13. In the event of any inconsistency, the English version shall prevail.



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## NOTICE OF AGM

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As at the date of this notice, 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

## **Electronic Communications**

This circular in both English and Chinese is now available in printed form from the Company and the Company's share registrar, and in accessible format on the Company's website at [www.pccw.com/ir](http://www.pccw.com/ir) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk).

Shareholders who have chosen (or are deemed to have agreed) to receive this circular using electronic means through the Company's website and who, for any reason, have difficulty in receiving or gaining access to this circular will promptly, upon request in writing or by email to the Company's share registrar, Computershare Hong Kong Investor Services Limited, be sent this circular in printed form, free of charge.

Shareholders may change their choice of language and/or means of receipt of the Company's future corporate communications at any time, free of charge, by reasonable prior notice in writing or by email to the Company's share registrar at:

To: PCCW Limited  
c/o Share Registrar  
Computershare Hong Kong Investor Services Limited  
Investor Communications Centre  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

Fax: (852) 2865 0990

Email: [pccw@computershare.com.hk](mailto:pccw@computershare.com.hk)