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PCCW Limited

電訊盈科有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0008)

**THE TENDER FOR PURCHASE BY
PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED
OF THE EXISTING NOTES**

AND

**CONNECTED TRANSACTION
IN RELATION TO THE SUBSCRIPTION FOR THE NEW NOTES**

**THE TENDER FOR PURCHASE BY PACIFIC CENTURY PREMIUM
DEVELOPMENTS LIMITED OF THE EXISTING NOTES**

Reference is made to the announcement of PCPD dated June 7, 2021 in relation to the launch of the PCPD Tender Offer.

On June 8, 2021, Asian Motion has offered to sell a principal amount of US\$70,000,000 (equivalent to approximately HK\$546,000,000) of the Existing Notes to PCPD (representing Asian Motion's entire interest in the Existing Notes as at the date of this announcement) for cash.

The net proceeds from the Tender are estimated to be approximately US\$71,260,000 (equivalent to approximately HK\$555,828,000). PCCW intends to apply such net proceeds towards the settlement of the subscription amount under the Subscription.

THE SUBSCRIPTION FOR THE NEW NOTES

Reference is made to the announcement of PCPD dated June 9, 2021 in relation to the proposed issue of the New Notes.

On June 8, 2021, Asian Motion has agreed to subscribe for the New Notes in the principal amount of US\$100,000,000 (equivalent to approximately HK\$780,000,000).

The subscription amount will be satisfied by the net proceeds from the Tender and the PCCW Group's internal resources.

LISTING RULES IMPLICATIONS

Mr. Li is the Chairman and an Executive Director of PCCW and has interests in shares of PCCW as disclosed under the SFO. Mr. Li is also an Executive Director of PCPD and is, as at the date of this announcement, interested (via his respective holding entities) in approximately 29.90% of the total number of shares of PCPD in issue under the SFO.

Accordingly, PCPD is regarded as a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules and thereby a connected person of the Company. The Subscription therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

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

THE TENDER

Reference is made to the announcement of PCPD dated June 7, 2021 in relation to the launch of the PCPD Tender Offer.

On June 8, 2021, Asian Motion has offered to sell a principal amount of US\$70,000,000 (equivalent to approximately HK\$546,000,000) of the Existing Notes to PCPD (representing Asian Motion's entire interest in the Existing Notes as at the date of this announcement) for cash.

The net proceeds from the Tender are estimated to be approximately US\$71,260,000 (equivalent to approximately HK\$555,828,000). PCCW intends to apply such net proceeds towards the settlement of the subscription amount under the Subscription.

Principal terms of the PCPD Tender Offer

The principal terms of the PCPD Tender Offer are set out below:

Outstanding principal amount*	US\$700,000,000
Tender offer price	101.80% of the principal amount of the Existing Notes (<i>Note</i>)
Tender amount	Any and all

* *Outstanding principal amount as at June 7, 2021.*

Note: In addition to the tender offer price, PCPD will also pay Qualifying Holders (whose Existing Notes are accepted for purchase by PCPD) on the Settlement Date an Accrued Interest Amount.

Completion

Completion of the Tender is subject to: (1) acceptance of the Tender by PCPD in its sole and absolute discretion; and (2) the successful completion (in the sole determination of PCPD) of the issue of the New Notes (the “**New Financing Condition**”), unless PCPD (in its sole and absolute discretion) elects to waive the New Financing Condition.

Settlement of the PCPD Tender Offer is expected to be on or about June 18, 2021.

THE SUBSCRIPTION

Reference is made to the announcement of PCPD dated June 9, 2021 in relation to the proposed issue of the New Notes.

On June 8, 2021, Asian Motion has agreed to subscribe for the New Notes in the principal amount of US\$100,000,000 (equivalent to approximately HK\$780,000,000).

The subscription amount will be satisfied by the net proceeds from the Tender and the PCCW Group’s internal resources.

Principal terms of the New Notes

Issue date	June 18, 2021
Issuer	PCPD Capital Limited, an indirect wholly-owned subsidiary of PCPD
Guarantor	PCPD
Issue price	100.00% of the principal amount of the New Notes
Principal amount	US\$700,000,000
Maturity date	June 18, 2026
Listing	Intended to be listed on the Singapore Exchange Securities Trading Limited
Interest	5.125% per annum
Status	The New Notes constitute direct, general, unconditional and (subject to the negative pledge provision in the terms and conditions of the New Notes) unsecured obligations of the Issuer which will at all times rank <i>pari passu</i> among themselves and at least rank <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The guarantee of the New Notes constitutes direct, general, unconditional and (subject to the negative pledge provision in the terms and conditions of the New Notes) unsecured obligations of PCPD which will at all times rank at least <i>pari</i>

passu with all other present and future unsecured and unsubordinated obligations of PCPD, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application

Redemption at the option of the Issuer

The New Notes may be redeemed at the option of the Issuer:

- (i) from, and including, the issue date to, but excluding, June 18, 2024 (the “**First Call Date**”), in whole but not in part, at the relevant make whole redemption amount; or
- (ii) on the First Call Date or any date thereafter, in whole or in part, at the applicable call option redemption price, *provided, however, that* the principal amount of the New Notes outstanding after any partial redemption is at least US\$300,000,000

Redemption for change of control

At any time following the occurrence of a Change of Control (as defined below), holders of the New Notes shall have the right, at such holder’s option, to require the Issuer to redeem all but not some only of that holder’s New Notes on the change of control put date at 101% of their principal amount, together with accrued interest to, but excluding the change of control put date

Change of Control

Occurs when either:

- (i) PCCW, Mr. Li and/or any Affiliate:
 - (A) collectively cease to hold, directly or indirectly, at least 40% of the voting rights of the issued share capital of PCPD; and
 - (B) collectively cease to be the largest single shareholder of PCPD; or
- (ii) PCPD consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person other than PCCW, Mr. Li or any Affiliate, unless the consolidation, merger, sale or transfer will result in PCCW, Mr. Li and/or any Affiliate:
 - (A) collectively holding, directly or indirectly, at least 40% of the voting rights of the issued share capital of PCPD (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer); or

- (B) collectively being the largest single shareholder of PCPD (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer)

“Affiliate” means:

- (i) Mr. Li and all entities and persons that are subject to the control of Mr. Li; and
- (ii) any publicly traded company (or any of its subsidiaries) where Mr. Li is either:
 - (A) the chairman or a director of such publicly traded company; or
 - (B) directly or indirectly (whether through beneficial ownership, trusts with which he is connected to or otherwise) the largest effective voting interest holder in such publicly traded company

Completion

Completion of the proposed issue of the New Notes is subject to the terms and conditions (including satisfaction of the conditions precedent) set out in the subscription agreement entered into between the Issuer and the Managers dated June 8, 2021.

Closing of the Subscription is expected to be on or about June 18, 2021.

REASONS FOR AND BENEFITS OF THE TENDER AND THE SUBSCRIPTION

The PCPD Tender Offer and the proposed issue of the New Notes, taken together, represent an opportunity for PCCW to continue its investment in high quality assets which are expected to generate an attractive and stable return. The Tender and the Subscription allow PCCW to effectively extend the maturity of its bond investment in PCPD on better commercial terms than those under the Existing Notes. Furthermore, the proposed listing of the New Notes on the Singapore Exchange Securities Trading Limited adds liquidity to the trading of the New Notes and provides a ready platform for PCCW to actively manage its bond investment should it be desirable to do so.

The directors of PCCW (including its independent non-executive directors) consider that the Subscription (particularly when viewed together with the Tender as a whole) is fair and reasonable, on normal commercial terms or better and in the interests of PCCW and its shareholders as a whole.

As Mr. Li, the Chairman and an Executive Director of PCCW who has interests in shares of PCCW as disclosed under the SFO, is also an Executive Director of PCPD and has interests in shares of PCPD as disclosed under the SFO, Mr. Li is considered to have a material interest in the Subscription and abstained from voting on the resolutions of the Board approving the Subscription.

None of the other directors of PCCW have any material interest in the Subscription except by virtue of being a director of PCPD and/or having interests in PCPD shares and/or the Existing Notes as disclosed under the SFO, and no other directors of PCCW were required to abstain from voting on the resolutions of the Board approving the Subscription.

INFORMATION IN RELATION TO ASIAN MOTION, THE PCCW GROUP, THE ISSUER AND PCPD

Asian Motion is an investment holding company and a direct wholly-owned subsidiary of PCCW.

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

The principal activity of PCCW is investment holding, and the principal activities of the PCCW Group are the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, outsourcing, consulting, and contact centers; the provision of interactive pay-TV services, over-the-top (OTT) digital media entertainment services in Hong Kong, the Asia Pacific region, and other parts of the world; investments in, and development of, systems integration, network engineering, and information technology-related businesses; and development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong.

The Issuer is an exempted company with limited liability incorporated under the laws of the Cayman Islands and is an indirect wholly-owned subsidiary of PCPD. The Issuer was established pursuant to the unrestricted objects and powers set out in its memorandum of association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment as a wholly-owned subsidiary of PCPD and those incidental to the issuance of bonds from time to time and the lending of the proceeds thereof to members of the PCPD Group and any other activities in connection therewith.

The PCPD Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments.

LISTING RULES IMPLICATIONS

Mr. Li is the Chairman and an Executive Director of PCCW and has interests in shares of PCCW as disclosed under the SFO. Mr. Li is also an Executive Director of PCPD and is, as at the date of this announcement, interested (via his respective holding entities) in approximately 29.90% of the total number of shares of PCPD in issue under the SFO.

Accordingly, PCPD is regarded as a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules and thereby a connected person of the Company. The Subscription therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

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

DEFINITIONS

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

“Accrued Interest”	interest accrued and unpaid (if any) on the Existing Notes from (and including) the interest payment date in respect of such Existing Notes immediately preceding the Settlement Date to (but excluding) the Settlement Date, calculated in accordance with the terms and conditions of the Existing Notes
“Accrued Interest Amount”	with respect to any Existing Notes validly offered for sale and accepted by PCPD pursuant to the PCPD Tender Offer, an amount in cash (rounded to the nearest US\$0.01, with half a cent being rounded upwards) equal to the Accrued Interest on such Existing Notes
“Asian Motion”	Asian Motion Limited, a company incorporated in the British Virgin Islands and registered as a non-Hong Kong company in Hong Kong with limited liability, and a direct wholly-owned subsidiary of PCCW
“Board”	the board of directors of the Company
“connected person”	has the meaning given to it in the Listing Rules
“Existing Notes”	US\$700,000,000 4.75% guaranteed notes due 2022 issued by the Issuer and guaranteed by PCPD
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Issuer”	PCPD Capital Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Managers”	the managers for the proposed issue of the New Notes
“Mr. Li”	Mr. Li Tzar Kai, Richard
“New Notes”	the US\$700,000,000 5.125% guaranteed notes due 2026 to be issued by the Issuer and guaranteed by PCPD
“PCCW” or “Company”	PCCW Limited, a company incorporated in Hong Kong with limited liability and having its shares listed on the main board of the Stock Exchange (stock code: 0008) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States of America (ticker: PCCWY)

“PCCW Group”	PCCW and its subsidiaries
“PCPD”	Pacific Century Premium Developments Limited, a company incorporated in Bermuda with limited liability and having its shares listed on the main board of the Stock Exchange (stock code: 0432). As at the date of this announcement, PCCW held approximately 31.17% of the total number of shares of PCPD in issue
“PCPD Group”	PCPD and its subsidiaries
“PCPD Tender Offer”	the invitation by PCPD to Qualifying Holders of the Existing Notes to tender any or all Existing Notes held by such Qualifying Holders for purchase by PCPD for cash, further details of which are set out in PCPD’s announcement dated June 7, 2021
“percentage ratios”	has the meaning given to it in the Listing Rules
“Qualifying Holder(s)”	holder(s) of Existing Notes who are eligible to participate in the PCPD Tender Offer in accordance with the terms and conditions of the Tender Offer Memorandum
“Settlement Date”	the settlement date of the PCPD Tender Offer, which is expected to be on or about June 18, 2021
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the New Notes by Asian Motion in the principal amount of US\$100,000,000 pursuant to the terms and conditions of the New Notes
“Tender”	the participation by Asian Motion in the PCPD Tender Offer
“Tender Offer Memorandum”	the tender offer memorandum in relation to the PCPD Tender Offer dated June 7, 2021
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

Unless indicated otherwise, in this announcement, conversion of amounts from US\$ into HK\$ has been made at the rate of US\$1 = HK\$7.80 for illustration purpose only.

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

Hong Kong, June 9, 2021

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors

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

Non-Executive Directors

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

Independent Non-Executive Directors

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