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**HKT<sup>®</sup>**  
**HKT Trust**

*(a trust constituted on November 7, 2011 under the laws of Hong Kong and managed by HKT Management Limited)*

**and**

**HKT Limited**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6823)**

**CONTINUING CONNECTED TRANSACTIONS WITH THE PCCW GROUP**

Reference is made to the Previous Announcements in relation to the Continuing Connected Transactions between the HKT Limited Group and the PCCW Group.

With the continuing growth and development in the business and operations of the HKT Limited Group and the PCCW Group, the Directors envisage that the existing annual caps in respect of certain Continuing Connected Transactions for the year ending December 31, 2019 will need to be revised accordingly. The Directors proposed to revise such existing annual caps for 2019 and to enter into an agreement for the provision of capacity access rights by the PCCW Group.

Furthermore, it is anticipated that certain existing Continuing Connected Transactions with the PCCW Group will continue beyond December 31, 2019. The Directors proposed to renew these Continuing Connected Transactions with New Annual Caps as disclosed in this announcement for the three years ending December 31, 2022 by entering into the Renewal Agreements.

PCCW is the controlling holder of the Share Stapled Units. Accordingly, the PCCW Group is a connected person of the HKT Trust and the Company under the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Annual Caps, in each case (or on an aggregated basis as described in this announcement), of the continuing connected transactions, which are categorized according to the providers of the relevant service, exceed 0.1% but are less than 5%, the continuing connected transactions under the Agreements as disclosed in this announcement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**BACKGROUND**

Reference is made to the Previous Announcements in relation to Continuing Connected Transactions between the HKT Limited Group and the PCCW Group for the three years ending December 31, 2019.

With the continuing growth and development in the business and operations of the HKT Limited Group and the PCCW Group, the Directors envisage that the existing annual caps in respect of certain Continuing Connected Transactions for the year ending December 31, 2019 will need to be revised accordingly. The Directors proposed to revise such existing annual caps for 2019 and to enter into an agreement for the provision of capacity access rights by the PCCW Group.

Furthermore, it is anticipated that certain existing Continuing Connected Transactions with the PCCW Group will continue beyond December 31, 2019. The Directors proposed to renew these Continuing Connected Transactions with New Annual Caps as disclosed in this announcement for the three years ending December 31, 2022 by entering into the Renewal Agreements.

## **PRINCIPAL TERMS OF THE AGREEMENTS**

### ***Products and services and floor space supplied by the HKT Limited Group to the Media Group***

#### **(1) Provision of carriage services**

Date of existing agreement	:	December 23, 2016
Parties	:	(a) HK Telecom and (b) PCCW Media
Current term	:	January 1, 2017 to December 31, 2019
Date of Amendment Agreement	:	July 18, 2019
Date of Renewal Agreement	:	July 18, 2019
Renewal term	:	January 1, 2020 to December 31, 2022

On December 23, 2016, HK Telecom and PCCW Media entered into a carriage services agreement, pursuant to which HK Telecom has agreed to provide or procure the provision of carriage services to the Media Group to facilitate the Media Group's delivery of its pay television, free TV and other services to its customers.

On July 18, 2019, HK Telecom and PCCW Media entered into an amendment agreement to reduce the existing annual cap for the year ending December 31, 2019 to reflect the latest and estimated volume of business activities between the HKT Limited Group and the Media Group for the year. Details of the existing and revised annual caps for the year ending December 31, 2019 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

On July 18, 2019, a renewal agreement was also entered into to renew the transactions on substantially the same terms as the existing agreement, as amended, for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are increased compared to the Revised Annual Cap for 2019, and were determined based on the historical transaction amounts and the anticipated demand for fibre coverage of the Media Group's business. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

The annual service fee has been determined on the basis of marginal cost charging. Under this mechanism, the incremental costs (i.e. incremental to the ‘sunk’ historic cost of the HKT Limited Group’s existing network) of the various services needed to deliver the overall carriage service have been determined, in some cases, on the basis of comparing transaction charges with those of broadly comparable independent companies and, in other cases, on a cost-plus basis with a cost-plus percentage of initially around 5%, subject to the review of the parties from time to time.

The agreement provides that the Media Group is entitled to enjoy the benefit of enhancements to the network, as made by the HKT Limited Group. Any addition in capacity or enhancement in network agreed by the Media Group, as might arise out of a proposed annual review process, would result in an increase in the annual service fee. The amount of the fee increase would depend upon the relevant aspect of the carriage service requiring to be enhanced. Thus, an increase in line or channel transmission capacity or enhancement in network would require the Media Group to contribute to the additional expenditure required; whereas a requested increase in field services would be calculated on a cost-plus basis with a cost-plus percentage of initially around 5%, subject to the review of the parties from time to time.

In a similar vein, the agreement provides that the Media Group is entitled, out of the annual review process, to call for a capacity reduction. However, no reduction is allowed for lines and/or channel transmission capacity. In this context, the annual service fee would be reduced to the extent that the relevant component of the service necessary to deliver the reduction was, in essence, a ‘manpower’ issue or one otherwise specifically identifiable to the Media Group’s reduced needs (e.g. as to the budgeting of access into and exit from the HKT Limited Group network, so called server end links/local connectivity links). However, to the extent that the Media Group were to underutilize its agreed number of lines or channel capacity, the related element of the annual service fee would not be reduced.

The annual service fee is calculated based on the number of internet protocol multicast enabled broadband access lines installed for a maximum agreed capacity of up to 1.1 million lines. In cases where the capacity installed exceeds the maximum agreed capacity or if there is network enhancement, the Media Group is required to pay additional fees to reimburse HK Telecom for any incremental capital and/or other expenditure required to build the additional lines requested or for the enhanced services resulted from the upgraded work at a pre-agreed required rate of return on investment referencing the weighted average cost of capital of the HKT Limited Group plus a fixed annual maintenance charge determined on cost basis.

## **(2) Provision of marketing and sales services**

Date of existing agreement	: December 23, 2016
Parties	: (a) HK Telecom and (b) PCCW Media
Current term	: January 1, 2017 to December 31, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, HK Telecom and PCCW Media entered into a marketing and sales services agreement, pursuant to which HK Telecom has agreed to market and sell the Media Group's products and services through the HKT Limited Group's direct marketing staff, front-line (i.e. on the street) sales teams, shops and via its call centres; and to provide a unified call-centre support service.

Although the Media Group has its own dedicated sales team, the marketing and sale of the Media Group's products and services by the HKT Limited Group's sales team and the provision of a unified call-centre support service, are seen by both parties as important in providing a one-stop shop to both groups' customers. Hence, there is a reciprocal marketing and sales services agreement as referred to in paragraph (7) below, on like terms, governing sales by the Media Group's dedicated sales staff of the HKT Limited Group's products and services.

On July 18, 2019, a renewal agreement was entered into to renew the transactions on substantially the same terms as the existing agreement for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are the same as the existing annual cap for 2019, and were determined based on the historical transaction amounts, new marketing initiatives such as free TV services of HKTVE, the over-the-top ("OTT") services of the Media Group and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

The fees payable by the Media Group to the HKT Limited Group mainly include (i) the sales commission (i.e. the commission that the HKT Limited Group earns from the successful sale of the Media Group's products or services) at a market rate, based on attaining certain service levels and sales targets, as agreed annually in advance, which is capable of being benchmarked against the commissions offered by external independent sales agents; and (ii) fees charged on a cost plus basis in relation to call centre inbound and outbound telephone calls and customer and technical service calls made by the HKT Limited Group.

Pursuant to the marketing and sales services agreement between HK Telecom and the Media Group, the following service fees are chargeable and calculated:

- (a) direct marketing and front-line sales team services are charged based on the number of sales orders achieved with certain pre-agreed price plan levels, at a market rate per order which is benchmarked against the commissions offered by external independent sales agents;
- (b) retail shops sales team services are charged on a revenue-sharing basis, based on the total contract revenues cross-sold by the shop sales team during the year; and
- (c) the unified call-centre support service is charged at a range of monthly rates determined by reference to rates which would have been charged for independent third party customers.

### **(3) Provision of internal (specialist telecom) services**

Date of existing agreement	: December 23, 2016
Parties	: (a) HK Telecom and (b) PCCW Media
Current term	: January 1, 2017 to December 31, 2019
Date of Amendment Agreement	: July 18, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, HK Telecom and PCCW Media entered into an internal (specialist telecom) services agreement, pursuant to which HK Telecom has agreed to procure that relevant members of the HKT Limited Group provide to the Media Group a range of specialized support services that are integral to the operation of the Media Group's business.

In summary, the services principally comprise:

- the provision of international private leased circuit (“IPLC”);
- maintenance services in respect of the Media Group's PABX (telephone) and other technological office systems;
- the provision of business, mobile, data and fax lines;
- the provision of broadband lines; and
- the provision of development services for the Media Group's products and services.

On July 18, 2019, HK Telecom and PCCW Media entered into an amendment agreement to increase the existing annual cap for the year ending December 31, 2019 to facilitate PCCW Media's business growth that requires technical and IT support services for its fixed network. Details of the existing and revised annual caps for the year ending December 31, 2019 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

On July 18, 2019, a renewal agreement was also entered into to renew the transactions on substantially the same terms as the existing agreement, as amended, for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are increased compared to the Revised Annual Cap for 2019 and were determined based on the historical transaction amounts, the estimated level of services required by the Media Group, the staff and resources requirements for the services and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

The charges for these services are typically calculated based on the actual service usage (e.g. number of IPLCs rented from the HKT Limited Group, number of broadband lines used, number of technological office systems in place), charged at market rate determined by reference to rates which would have been charged to independent third party customers. The application development services are charged on a cost-plus basis.

**(4) Provision of customer premises equipment (CPE) solutions and networking services**

Date of existing agreement	: December 14, 2017
Parties	: (a) HK Telecom and (b) PCCW Media
Current term	: December 14, 2017 to December 31, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 14, 2017, HK Telecom and PCCW Media entered into a customer premises equipment (CPE) services agreement, pursuant to which HK Telecom has agreed to provide customer premises equipment and solutions, network connectivity relocation and set-up and other related services to Media Group so as to meet demand from the Media Group for its plan of ongoing infrastructure upgrade and expansion. In particular, this covers PCCW Media's office relocation project that requires set-up of relevant equipment and facilities, provision of new fixed and broadband lines and IT infrastructure set-up (inclusive of cable networks and security systems) by the HKT Limited Group.

On July 18, 2019, a renewal agreement was entered into to renew the transactions on substantially the same terms as the existing agreement for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are the same as the existing annual cap for 2019, and were determined based on the historical transaction amounts, the anticipated level of services required by the Media Group and the staff and resources requirements for the services. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

The services are charged at market rate determined by reference to rates which would have been charged to independent third party customers.

**(5) Licensed access to floor space**

Date of existing agreement	: December 23, 2016
Parties	: (a) HKTC and (b) PCCW Media
Current term	: January 1, 2017 to December 31, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

Under the licence agreement dated December 23, 2016, PCCW Media has been afforded certain limited access rights to floor space for it and members of the Media Group at a number of the HKTC's Premises. Pursuant to a licence agreement signed between HK Telecom and HKTC, HKTC granted to HK Telecom a licence to, among other things, install, store, operate and maintain equipment, machinery, chattels and installations at the HKTC's Premises.

HKTC continues to meet and defray all costs, expenses and outgoings of the HKTC's Premises but HK Telecom is responsible for reimbursing HKTC the outgoings on a periodic basis. HKTC is also required to pay the amount of any income or profit received or to be received by HKTC to HK Telecom in respect of the HKTC's Premises. Accordingly, the licence fees paid by the Media Group are passed on by HKTC to HK Telecom pursuant to the aforesaid arrangement. In effect, therefore, these licensing arrangements are akin to direct arrangements between HK Telecom and the Media Group.

On July 18, 2019, a renewal agreement was entered into to renew the licence agreement between HKTC and PCCW Media on substantially the same terms as the existing agreement for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are the same as the existing annual cap for 2019, and were determined based on historical transaction amounts and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

The licence and related fees are charged based on the area occupied by the Media Group at various HKTC's Premises, at monthly rates per square foot which were determined by reference to market rates.

### *Products and services supplied by the Media Group to the HKT Limited Group*

#### **(6) Provision of service and product / Provision of service and product packaging**

Date of existing agreement	: December 23, 2016
Parties	: (a) HK Telecom and (b) PCCW Media
Current term	: January 1, 2017 to December 31, 2019
Date of Amendment Agreement	: July 18, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, HK Telecom and PCCW Media entered into a service and product provision agreement. The agreement comprises two aspects:

- a mutual commitment to package the HKT Limited Group's products and services and the Media Group's products and services from time to time, from which results a dynamic and ongoing series of promotional packages (e.g. certain channels tied to a particular broadband purchasing commitment); and

- a commitment by the Media Group to provide the customers of the HKT Limited Group with certain services and products, the composition of which is agreed between the parties from time to time, including without limitation the supply of 4K set-top boxes and OTT boxes and provision of user access to and connectivity services in respect of various materials via the Media Group’s pay TV set-top-boxes and/or other medium.

On July 18, 2019, HK Telecom and PCCW Media entered into an amendment agreement to reduce the existing annual cap for the year ending December 31, 2019 to reflect the latest and estimated volume of business activities between the HKT Limited Group and the Media Group for the year. Details of the existing and revised annual caps for the year ending December 31, 2019 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

On July 18, 2019, a renewal agreement was also entered into to renew the transactions on substantially the same terms as the existing agreement, as amended, for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are reduced compared to the Revised Annual Cap for 2019, and were determined based on the historical transaction amounts, the anticipated volume of the Media Group’s and the HKT Limited Group’s business activities and the effect of inflation. The name of the agreement was also amended to service and product packaging to more accurately reflect the scope of the transactions. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

HK Telecom is required, depending upon the nature of the services, to pay to the Media Group (or procure payment of) an agreed lump sum or a minimum guaranteed amount and/or a per subscriber fee, in each case, capable of being benchmarked against the monthly rate which the Media Group charges its own retail subscribers to view the ‘Now TV’ services, including set-top-box rental plus channel subscription fees, and is open for review annually. The 4K set-top boxes and OTT boxes will be sold by the Media Group to the HKT Limited Group on a cost-plus basis with a cost-plus percentage of initially around 3%, subject to the review of the parties from time to time. The user access to and connectivity services in respect of various materials via set-top-boxes and/or other medium will be charged by reference to the market rates for independent third party customers.

**(7) Provision of marketing and sales services**

Date of existing agreement	: December 23, 2016
Parties	: (a) HK Telecom and (b) PCCW Media
Current term	: January 1, 2017 to December 31, 2019
Date of Amendment Agreement	: July 18, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022



On December 23, 2016, HK Telecom and PCCW Media entered into a marketing and sales services agreement. This agreement represents the reciprocal arrangement to the provision of marketing and sales services by the HKT Limited Group described in paragraph (2) above. By this agreement, PCCW Media agrees to procure that relevant members of the Media Group will market the products and services of the HKT Limited Group.

On July 18, 2019, HK Telecom and PCCW Media entered into an amendment agreement to reduce the existing annual cap for the year ending December 31, 2019 to reflect the latest and estimated volume of business activities between the HKT Limited Group and the Media Group for the year. Details of the existing and revised annual caps for the year ending December 31, 2019 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

On July 18, 2019, a renewal agreement was also entered into to renew the transactions on substantially the same terms as the existing agreement, as amended, for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are reduced compared to the Revised Annual Cap for 2019, and were determined based on the historical transaction amounts, the anticipated volume of the Media Group’s and the HKT Limited Group’s business activities and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

The fees payable by HK Telecom to the Media Group include, for example, sales commission (i.e. the commission that the Media Group earns from the successful sale of the HKT Limited Group’s products or services) at a market rate, based on attaining certain service levels and sales targets, as agreed annually in advance, which is capable of being benchmarked against the commissions offered by external independent sales agents, and fees paid by the HKT Limited Group for advertisements, programmes or activities on the various media platforms of the Media Group for promoting products and services of the HKT Limited Group.

#### **(8) Content provision arrangements**

Date of existing agreement	: December 23, 2016
Parties	: (a) HK Telecom and (b) PCCW Media
Current term	: January 1, 2017 to December 31, 2019
Date of Amendment Agreement	: July 18, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, HK Telecom and PCCW Media entered into a media content services agreement, pursuant to which PCCW Media has a first right of supply and agreed to supply, procure the supply of or provide content management and production support services to the HKT Limited Group for distribution through its various platforms including **eye** (HKT Limited Group’s smart communications services) and mobile platforms or other platforms.

On July 18, 2019, HK Telecom and PCCW Media entered into an amendment agreement to increase the existing annual cap for the year ending December 31, 2019 to reflect the latest and estimated volume of business activities between the HKT Limited Group and the Media Group for the year and the effect of inflation. Details of the existing and revised annual caps for the year ending December 31, 2019 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

On July 18, 2019, a renewal agreement was also entered into to renew the transactions on substantially the same terms as the existing agreement, as amended, for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are increased compared to the Revised Annual Cap for 2019, and were determined based on the historical transaction amounts, the anticipated growth of the Media Group’s and the HKT Limited Group’s businesses and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

The Media Group supplies or procures the supply of various categories of content, and provides related content management and production support services to the HKT Limited Group for distribution through the various platforms, so that the HKT Limited Group can offer the same to its customers. The content comprises:

- self-produced content by the Media Group;
- third party produced content for which the Media Group has multiplatform distribution rights;
- third party produced content for which the Media Group applies for specific distribution rights for the various platforms;
- MOOV music, music video content services for distribution on the various platforms;
- content management and production support services for distribution on the various platforms; and
- other content and content related services as the HKT Limited Group and the Media Group may agree from time to time.

The Media Group supplies various categories of content to the HKT Limited Group for distribution through the various platforms, and recharges the HKT Limited Group based on the actual content and content production costs incurred for the content supplied, at a cost-sharing ratio with reference to the proportion of the number of subscribers with content-viewing rights on the various platforms over total Media Group’s subscriber base.

*Services and floor space supplied by the HKT Limited Group to the Solutions Group*

**(9) Provision of managed services and other telecommunications related services**

Date of existing agreements	: December 23, 2016
Parties	: (a) HK Telecom and (b) PCCW Solutions
Current term	: January 1, 2017 to December 31, 2019
Date of Amendment Agreement	: July 18, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, HK Telecom and PCCW Solutions entered into the following agreements:

- (a) a managed wavelength service agreement whereby HK Telecom has agreed to provide certain connectivity services to PCCW Solutions, linking the Solutions Group's data centre(s) in Hong Kong and certain designated sites based on an agreed bandwidth capacity and in accordance with other agreed services levels; and
- (b) a telecommunications and other miscellaneous services agreement whereby HK Telecom and its specified affiliates in the HKT Limited Group have agreed to provide certain agreed telecommunications and related services to the Solutions Group on normal commercial terms.

On July 18, 2019, HK Telecom and PCCW Solutions entered into an amendment agreement to the telecommunications and other miscellaneous services agreement to increase the existing annual cap for the year ending December 31, 2019 to cater for the anticipated increase in demand for the telecommunications and other miscellaneous services arising from the continuous expansion of data centre development and connectivity business, smart city development projects, as well as other business process transformation projects which require services and support from HK Telecom. The increase also covers the set-up of relevant equipment and facilities and IT infrastructure (inclusive of cable networks and security systems) to meet demand growth of PCCW Solutions for its data centre solutions. Details of the existing and revised annual caps for the year ending December 31, 2019 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

On July 18, 2019, the telecommunications and other miscellaneous services agreement, as amended, was renewed on substantially the same terms for three years ending December 31, 2022. The managed wavelength service agreement will not be renewed upon the expiry of its current term on December 31, 2019. The New Annual Caps for 2020 to 2022 are increased compared to the aggregate Revised Annual Cap for 2019 taking into consideration the anticipated growth of the Solutions Group's business and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

Services provided by the HKT Limited Group include two major types of services: (i) connectivity and other telecommunications services; and (ii) equipment and facilities leasing charges:

- (i) The HKT Limited Group being the backbone of the Solutions Group provides services that include telephone services (fixed line and mobile services), connectivity services including broadband, datapak, IPLCs, asynchronous transfer mode and network services, to support the Solutions Group's daily operations and to ensure the smooth running of the business for its clients by linking data centre sites in Hong Kong. The connectivity services are charged at a monthly rate determined by reference to usage and service duration as well as the market rate charged for similar third party customers.
- (ii) The HKT Limited Group is to provide fully equipped premises to the Solutions Group for its data centre business needs. These premises specifically fulfill data centre specifications by installing equipment and facilities such as generators, chillers, cooling towers, transformers and other power equipment up to the required loading requirements and standards. These equipped premises are leased to the Solutions Group for its data centre business and charged at a monthly rate per area used determined by reference to the rate charged for similar third party customers.

**(10) Licensed access to floor space**

Date of existing agreement	: December 23, 2016
Parties	: (a) HKTC and (b) PCCW Solutions
Current term	: January 1, 2017 to December 31, 2019
Date of Amendment Agreement	: July 18, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, HK Telecom and PCCW Solutions entered into a licence agreement under which PCCW Solutions has been afforded certain limited access rights to floor space for it and members of the Solutions Group at a number of HKTC's Premises. Pursuant to a licence agreement signed between HK Telecom and HKTC, HKTC granted to HK Telecom a licence to, among other things, install, store, operate and maintain equipment, machinery, chattels and installations at the HKTC's Premises. HKTC continues to meet and defray all costs, expenses and outgoings of the HKTC's Premises but HK Telecom is responsible for reimbursing HKTC the outgoings on a periodic basis. HKTC is also required to pay the amount of any income or profit received or to be received by HKTC to HK Telecom in respect of the HKTC's Premises. Accordingly, the licence fees paid by the Solutions Group are passed on by HKTC to HK Telecom pursuant to the aforesaid arrangement. In effect, therefore, these licensing arrangements are akin to direct arrangements between HK Telecom and the Solutions Group.

On July 18, 2019, HK Telecom and PCCW Solutions entered into an amendment agreement to reduce the existing annual cap for the year ending December 31, 2019 due to the cessation of the licensing arrangement for some of the HKTC's Premises in 2019. Details of the existing and revised annual caps for the year ending December 31, 2019 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

On July 18, 2019, a renewal agreement was also entered into to renew the licence arrangement between HKTC and PCCW Solutions on substantially the same terms as the existing agreement, as amended, for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are increased compared to the Revised Annual Cap for 2019 due to the additional areas occupied by the Solutions Group and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

The licence and related fees are charged based on the area occupied by the Solutions Group at various HKTC's Premises, at monthly rates per square foot which were determined by reference to market rates.

*Services supplied by the Solutions Group to the HKT Limited Group*

**(11) Provision of solutions services (information technology, logistic and other contractor services)**

Date of existing agreement	: December 23, 2016
Parties	: (a) HK Telecom and (b) PCCW Solutions
Current term	: January 1, 2017 to December 31, 2019
Date of Amendment Agreement	: July 18, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, HK Telecom and PCCW Solutions entered into a consolidated agreement for information technology, logistic and other contractor services whereby PCCW Solutions has agreed to provide certain solutions services (e.g. bureau services, application management services, system development services, business processing, order fulfillment and logistical services) to the HKT Limited Group.

On July 18, 2019, HK Telecom and PCCW Solutions entered into an amendment agreement to increase the existing annual cap for the year ending December 31, 2019 to cater for the anticipated increase in demand from HK Telecom for its business process and digital transformation projects which require additional IT services and support from PCCW Solutions. Details of the existing and revised annual caps for the year ending December 31, 2019 are set out in the paragraph "Historical Transaction Amounts and Annual Caps" of this announcement below.

On July 18, 2019, a renewal agreement was also entered into to renew the existing agreement, as amended, on substantially the same terms for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are increased compared to the Revised Annual Cap for 2019 to cater for the anticipated increase in demand from HK Telecom for its business process and digital transformation projects which require additional IT services and support from PCCW Solutions. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

Services are charged at market rate by reference to the average rate for third party customers. For business processing, order fulfillment and logistical services, fees will be charged based on the actual usage of the services, such as the number of application and support servers installed and the number of support staff required during the construction process and maintenance period, as well as the current market price and adjusted by the Consumer Price Index annual growth factor forecasted by Bloomberg.

#### **(12) Sub-contracting agreement**

Date of existing agreement	: December 23, 2016
Parties	: (a) PCCW Macau and (b) Solutions Macau
Current term	: January 1, 2017 to December 31, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, PCCW Macau and Solutions Macau entered into a sub-contracting agreement. PCCW Macau has contracted with various third parties for the provision of solutions services with various operators in Macau such as information technology related systems within hotels and casinos. Rather than performing the work itself, PCCW Macau has sub-contracted the work to Solutions Macau. Accordingly, the work is carried out by Solutions Macau and all fees received in respect of the work are passed on by PCCW Macau to Solutions Macau after PCCW Macau has deducted sub-contracting fees, which is estimated to be at an average rate of 5% of the gross fees.

On July 18, 2019, a renewal agreement was entered into to renew the existing agreement on substantially the same terms for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are the same as the existing annual cap for 2019, and were determined based on the historical transaction amounts, the anticipated level of sub-contracting arrangements required and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

## *Other transactions between the HKT Limited Group and the PCCW Group*

### **(13) Provision of corporate shared services**

Date of existing agreement	: December 23, 2016
Parties	: (a) HKT Services and (b) PCCW Services
Current term	: January 1, 2017 to December 31, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, HKT Services and PCCW Services entered into a shared services agreement, pursuant to which HKT Services and its affiliates have agreed to provide certain members of the PCCW Group a range of corporate support services that are integral to the operation of both groups, including managerial support.

On July 18, 2019, a renewal agreement was entered into to renew the existing agreement on substantially the same terms for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are the same as or increased compared to the existing annual cap for 2019, and were determined based on the historical transaction amounts, the anticipated level of services required by the PCCW Group and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

The charges for these services are actual direct and indirect cost incurred in the supply and procurement of the services, including overheads, human and/or other resources and/or units and other deliverables.

### **(14) Provision of marketing and promotion services**

Date of existing agreement	: December 23, 2016
Parties	: (a) HK Telecom and (b) PCCW-HKT Limited
Current term	: January 1, 2017 to December 31, 2019
Date of Renewal Agreement	: July 18, 2019
Renewal term	: January 1, 2020 to December 31, 2022

On December 23, 2016, HK Telecom and PCCW-HKT Limited, an indirect wholly-owned subsidiary of PCCW, entered into a marketing and promotion services agreement, pursuant to which HK Telecom has agreed to provide marketing and promotion services to members of the PCCW Group for the marketing and promotion of the PCCW Group’s products and services. The services are charged on a cost basis.

On July 18, 2019, a renewal agreement was entered into to renew the existing agreement on substantially the same terms for a term of three years ending December 31, 2022. The New Annual Caps for 2020 to 2022 are the same as the existing annual cap for 2019 and were determined based on the historical transaction amount, the anticipated level of services required by the PCCW Group and the effect of inflation. Details of the historical transaction amounts and the New Annual Caps for 2020 to 2022 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.

**(15) Licensing agreement (PCCW Tower)**

Date of existing agreement : December 23, 2016

Parties : (a) PCCW Services and (b) HKT Services

Current term : January 1, 2017 to December 31, 2019

On December 23, 2016, PCCW Services and HKT Services entered into an agreement pursuant to which HKT Services was granted a licence to occupy certain floor space located at PCCW Tower, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong, which PCCW Services leased from an independent third party. The lease subsequently expired on December 31, 2017.

Since the lease for PCCW Tower entered into by PCCW Services with the landlord was not renewed upon its expiry on December 31, 2017, this agreement will not be renewed upon the expiry of the current term on December 31, 2019.

**(16) Provision of capacity access rights**

Date of agreement : July 18, 2019

Parties : (a) Seamless Industries and (b) PCCW Global

Current term : July 18, 2019 to December 31, 2021

On July 18, 2019, Seamless Industries and PCCW Global entered into the Capacity Access Agreement pursuant to which Seamless Industries agreed to provide, upon the HKT Limited Group’s request, rights of capacity access to third party mobile networks in the United Kingdom. These may include, for example, the rights of capacity access to the mobile network of Three UK obtained by Seamless Industries as part of the consideration for the sale of the entire issued share capital of Transvision to Three UK in 2017 as disclosed in the PCCW Announcements.

The price to be paid by the HKT Limited Group would be determined at 85% of the equivalent fees and charges of such capacity accessed by the HKT Limited Group or, where the HKT Limited Group chooses to resell any of such capacity access, 85% of the price at which it is resold. The annual caps for 2019 to 2021, in pounds sterling, were determined based on the anticipated maximum amount of capacity access that the HKT Limited Group may require and the PCCW Group may have. Details of the annual caps for 2019 to 2021 are set out in the paragraph “Historical Transaction Amounts and Annual Caps” of this announcement below.



## HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

Set forth below are the approximate historical aggregate values for the respective periods set out below, the existing and revised annual caps for the year ending December 31, 2019 and the proposed annual caps for the three years ending December 31, 2022:

### (A) Historical transaction amounts

<u>Agreement / service description</u>	<u>Aggregate values for the year ended December 31, 2017 (HK\$ million)</u>	<u>Aggregate values for the year ended December 31, 2018 (HK\$ million)</u>
<u>Products and services and floor space supplied by the HKT Limited Group to the Media Group</u>		
(1) Provision of carriage services	154.2	154.4
(2) Provision of marketing and sales services	219.2	233.3
(3) Provision of internal (specialist telecom) services	25.3	27.4
(4) Provision of customer premises equipment (CPE) solutions and networking services	39.1	113.0
(5) Licensed access to floor space	3.3	3.6
<u>Products and services supplied by the Media Group to the HKT Limited Group</u>		
(6) Provision of service and product / Provision of service and product packaging	698.9	772.1
(7) Provision of marketing and sales services	34.7	33.4
(8) Content provision arrangements	457.6	502.6
<u>Services and floor space supplied by the HKT Limited Group to the Solutions Group</u>		
(9) Provision of managed services and other telecommunications related services	875.9	1,023.9
(10) Licensed access to floor space	7.6	8.2
<u>Services supplied by the Solutions Group to the HKT Limited Group</u>		
(11) Provision of solutions services (information technology, logistic and other contractor services)	1,210.2	1,454.4
(12) Sub-contracting agreement		
(a) Contracted service cost from PCCW Macau to Solutions Macau	50.3	32.7
(b) Sub-contracting fees from Solutions Macau to PCCW Macau	1.2	1.1
<u>Other transactions between the HKT Limited Group and the PCCW Group</u>		
(13) Provision of corporate shared services	137.7	184.5
(14) Provision of marketing and promotion services	24.9	25.5
(15) Licensing agreement (PCCW Tower)	141.3	—

***(B) Existing and revised annual caps for the year ending December 31, 2019***

<u>Agreement / service description</u>	<u>Existing annual caps for the year ending December 31, 2019 (HK\$ million)</u>	<u>Existing / Revised annual caps for the year ending December 31, 2019 (HK\$ million, except otherwise indicated)</u>
<b><u>Products and services and floor space supplied by the HKT Limited Group to the Media Group</u></b>		
(1) Provision of carriage services	565.7	167.3
(2) Provision of marketing and sales services	379.9	379.9
(3) Provision of internal (specialist telecom) services	31.2	34.3
(4) Provision of customer premises equipment (CPE) solutions and networking services	160.0	160.0
(5) Licensed access to floor space	4.0	4.0
<b><u>Aggregation for items (1) to (5)</u></b>	<b><u>1,140.8</u></b>	<b><u>745.5</u></b>
<b><u>Products and services supplied by the Media Group to the HKT Limited Group</u></b>		
(6) Provision of service and product / Provision of service and product packaging	999.4	915.3
(7) Provision of marketing and sales services	138.2	121.1
(8) Content provision arrangements	562.8	664.0
<b><u>Aggregation for items (6) to (8)</u></b>	<b><u>1,700.4</u></b>	<b><u>1,700.4</u></b>
<b><u>Services and floor space supplied by the HKT Limited Group to the Solutions Group</u></b>		
(9) Provision of managed services and other telecommunications related services	1,065.5	1,509.4
(10) Licensed access to floor space	9.0	3.8
<b><u>Services supplied by the Solutions Group to the HKT Limited Group</u></b>		
(11) Provision of solutions services (information technology, logistic and other contractor services)	1,488.0	1,585.3
(12) Sub-contracting agreement		
(a) Contracted service cost from PCCW Macau to Solutions Macau	150.0	150.0
(b) Sub-contracting fees from Solutions Macau to PCCW Macau	7.5	7.5
<b><u>Aggregation for items (9), (10) and (12)(b)</u></b>	<b><u>1,082.0</u></b>	<b><u>1,520.7</u></b>
<b><u>Aggregation for items (11) and (12)(a)</u></b>	<b><u>1,638.0</u></b>	<b><u>1,735.3</u></b>
<b><u>Other transactions between the HKT Limited Group and the PCCW Group</u></b>		
(13) Provision of corporate shared services	298.1	298.1
(14) Provision of marketing and promotion services	201.4	201.4
(15) Licensing agreement (PCCW Tower)	175.0	—
(16) Provision of capacity access rights (see Note below)	—	£42.5 million

*Note: equivalent to approximately HK\$422 million based on the exchange rate of £1 = HK\$9.9278.*

*(C) New Annual Caps for the years ending December 31, 2020, 2021 and 2022*

Agreement / service description	New Annual Caps for the year ending December 31,			Notes
	2020 (HK\$ million, except otherwise indicated)	2021 (HK\$ million, except otherwise indicated)	2022 (HK\$ million)	
<u>Products and services and floor space supplied by the HKT Limited Group to the Media Group</u>				
(1) Provision of carriage services	171.3	175.9	175.9	a
(2) Provision of marketing and sales services	379.9	379.9	379.9	b
(3) Provision of internal (specialist telecom) services	38.5	43.4	43.4	c
(4) Provision of customer premises equipment (CPE) solutions and networking services	160.0	160.0	160.0	d
(5) Licensed access to floor space	4.0	4.0	4.0	e
<b><u>Aggregation for items (1) to (5)</u></b>	<b><u>753.7</u></b>	<b><u>763.2</u></b>	<b><u>763.2</u></b>	
<u>Products and services supplied by the Media Group to the HKT Limited Group</u>				
(6) Provision of service and product / Provision of service and product packaging	912.3	905.3	905.3	f
(7) Provision of marketing and sales services	119.1	111.1	111.1	f
(8) Content provision arrangements	669.0	684.0	684.0	f
<b><u>Aggregation for items (6) to (8)</u></b>	<b><u>1,700.4</u></b>	<b><u>1,700.4</u></b>	<b><u>1,700.4</u></b>	
<u>Services and floor space supplied by the HKT Limited Group to the Solutions Group</u>				
(9) Provision of managed services and other telecommunications related services	1,510.3	1,513.0	1,513.0	g
(10) Licensed access to floor space	5.1	5.6	6.2	h
<u>Services supplied by the Solutions Group to the HKT Limited Group</u>				
(11) Provision of solutions services (information technology, logistic and other contractor services)	1,587.2	1,593.5	1,593.5	i
(12) Sub-contracting agreement				
(a) Contracted service cost from PCCW Macau to Solutions Macau	150.0	150.0	150.0	j
(b) Sub-contracting fees from Solutions Macau to PCCW Macau	7.5	7.5	7.5	j
<b><u>Aggregation for items (9), (10) and (12)(b)</u></b>	<b><u>1,522.9</u></b>	<b><u>1,526.1</u></b>	<b><u>1,526.7</u></b>	
<b><u>Aggregation for items (11) and (12)(a)</u></b>	<b><u>1,737.2</u></b>	<b><u>1,743.5</u></b>	<b><u>1,743.5</u></b>	
<u>Other transactions between the HKT Limited Group and the PCCW Group</u>				
(13) Provision of corporate shared services	298.1	300.7	307.7	k
(14) Provision of marketing and promotion services	201.4	201.4	201.4	l
(15) Licensing agreement (PCCW Tower)	<i>This agreement is not renewed for 2020 to 2022</i>			
(16) Provision of capacity access rights (see Note below)	£42.5 million	£42.5 million	N/A	m

Note: equivalent to approximately HK\$422 million based on the exchange rate of £1 = HK\$9.9278.

Notes:

The New Annual Caps have been determined on the following bases:

- a. the estimated incremental costs (including the labour costs, the supply of telecommunications lines and exchange spaces) of the provision of relevant carriage services, and also reflects the anticipated level of usage demand from the Media Group.
- b. (i) the historical figures for running the services for the Media Group; (ii) the estimated level of services required by the Media Group; (iii) the proposed sales and marketing plan; and (iv) the effect of inflation.
- c. (i) the historical figures for running the services for the Media Group; (ii) the estimated level of services required by the Media Group; (iii) the staff and resources requirement for the services; and (iv) the effect of inflation.
- d. the historical figures for running the services for the Media Group and the anticipated level of services required by the Media Group and the staff and resources requirement for the services.
- e. benchmarking against market rates.
- f. the historical transaction amounts and the anticipated volume of the Media Group's and the HKT Limited Group's business activities and the effect of inflation.
- g. (i) the historical figures for running the services; (ii) the estimated level of services required, which shows an increase in demand for telecommunications and other miscellaneous services arising from the continuous expansion of data centre development and connectivity business, smart city development projects, and the business process transformation projects; (iii) the staff and resources requirement for the services; and (iv) the effect of inflation.
- h. benchmarking against market rates.
- i. (i) the historical figures for running the services by the Solutions Group; (ii) the estimated level of services required; and (iii) the staff and resources requirement for the services.
- j. existing contracts entered into by PCCW Macau and its expectation for pipeline projects of Macau hotels and casinos.
- k. (i) the historical transaction amounts; (ii) the estimated level of services required for the PCCW Group; (iii) the staff and resources requirement for the services; and (iv) the effect of inflation.
- l. (i) the historical transaction amounts; (ii) the estimated level of services required by the PCCW Group; (iii) the proposed marketing and promotion plan; and (iv) the effect of inflation.
- m. the anticipated maximum amount of capacity access that the HKT Limited Group may require and the PCCW Group may have.

## **REASONS FOR ENTERING INTO THE AGREEMENTS**

The Directors believe that the entering into of the Agreements and the continuing connected transactions contemplated thereunder will enable the HKT Limited Group to meet the demand of the continuing growth and development of its businesses and operations, help to achieve business continuity and efficiency and to minimize any potential disruption to the daily operation of the HKT Limited Group as well as to further strengthen the HKT Limited Group's position as a premier telecommunications service provider in Hong Kong. It is also considered that the agreements relating to these continuing connected transactions are consistent with the commercial objectives of the HKT Limited Group and fall within the core business of the HKT Limited Group.

The Directors (including the independent non-executive Directors) consider that the Agreements and the continuing connected transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the HKT Limited Group and that the terms thereof and the Annual Caps are fair and reasonable and in the interests of the HKT Trust and the Company and the holders of the Share Stapled Units as a whole.

As no Director has any material interest in the Agreements and the continuing connected transactions contemplated thereunder, none of the Directors have abstained from voting on the resolutions of the respective Boards approving them.

## **LISTING RULES IMPLICATIONS**

PCCW is the controlling holder of the Share Stapled Units. Accordingly, the PCCW Group is a connected person of the HKT Trust and the Company under the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Annual Caps, in each case (or on an aggregated basis as described in this announcement), of the continuing connected transactions, which are categorized according to the providers of the relevant service, exceed 0.1% but are less than 5%, the continuing connected transactions under the Agreements as disclosed in this announcement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL**

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

The principal activities of the HKT Limited 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 centres. It operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world.

The principal activities of the PCCW Group (including the HKT Limited 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; the provision of interactive pay-TV services, over-the-top (OTT) digital media entertainment service in Hong Kong, the Asian 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 HKTVE, PCCW also operates a domestic free television service in Hong Kong.

## **DEFINITIONS**

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

**“Agreements”** the Amendment Agreements, the Renewal Agreements and the Capacity Access Agreement

**“Amendment Agreements”** the amendment agreements entered into between members of the HKT Limited Group and the PCCW Group on July 18, 2019 to amend certain Continuing Connected Transactions as disclosed in this announcement

<b>“Annual Caps”</b>	the revised and new annual caps for the continuing connected transactions as disclosed in this announcement
<b>“Boards”</b>	the boards of directors of the Company and the Trustee-Manager
<b>“Capacity Access Agreement”</b>	an agreement entered into by Seamless Industries and PCCW Global for the provision of rights of capacity access to third party mobile networks in the United Kingdom
<b>“Company” or “HKT”</b>	HKT Limited, a company incorporated in the Cayman Islands with limited liability, the Share Stapled Units of the HKT Trust and the Company are listed on the main board of the Stock Exchange (Stock Code: 6823)
<b>“connected person”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Continuing Connected Transactions”</b>	the continuing connected transactions of the HKT Limited Group as disclosed in the Previous Announcements for the three years ending December 31, 2019
<b>“Directors”</b>	the directors of the Company and the Trustee-Manager
<b>“HK Telecom”</b>	Hong Kong Telecommunications (HKT) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“HKT Limited Group”</b>	the Company and its subsidiaries
<b>“HKT Services”</b>	HKT Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of HKT
<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 the Company listed on the main board of the Stock Exchange (Stock Code: 6823)
<b>“HKTC”</b>	PCCW-HKT Telephone Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW
<b>“HKTC’s Premises”</b>	the premises of HKTC

<b>“HKTVE”</b>	HK Television Entertainment Company Limited, a company incorporated in Hong Kong with limited liability
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Macau”</b>	the Macau Special Administrative Region of the People’s Republic of China
<b>“Media Group”</b>	Media Holdings and its subsidiaries, either under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) or the Listing Rules
<b>“Media Holdings”</b>	PCCW Media Holdings Limited, a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of PCCW
<b>“New Annual Caps”</b>	the annual caps for the Continuing Connected Transactions for each of the three years ending December 31, 2022 as disclosed in this announcement
<b>“PCCW”</b>	PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are 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), which is indirectly holding approximately 51.97% of the total number of Share Stapled Units in issue as at the date of this announcement
<b>“PCCW Announcements”</b>	the announcements issued by PCCW dated February 6, 2017 and May 31, 2017
<b>“PCCW Global”</b>	PCCW Global Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
<b>“PCCW Group”</b>	PCCW and its subsidiaries (excluding the HKT Limited Group)
<b>“PCCW Macau”</b>	PCCW (Macau), Limitada, a company incorporated in Macau with limited liability and an indirect subsidiary of the Company

<b>“PCCW Media”</b>	PCCW Media Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW
<b>“PCCW Services”</b>	PCCW Services Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of PCCW
<b>“PCCW Solutions”</b>	PCCW Solutions Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW
<b>“Previous Announcements”</b>	the announcements jointly issued by the HKT Trust and the Company dated December 23, 2016 and December 14, 2017
<b>“Renewal Agreements”</b>	the renewal agreements entered into between members of the HKT Limited Group and the PCCW Group on July 18, 2019 to renew certain Continuing Connected Transactions for three years ending December 31, 2022 as disclosed in this announcement
<b>“Revised Annual Caps”</b>	the revised annual caps for certain Continuing Connected Transactions as amended by the Amendment Agreements for the year ending December 31, 2019 as disclosed in this announcement
<b>“Seamless Industries”</b>	Seamless Industries Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of PCCW
<b>“Share Stapled Units”</b>	the share stapled units of the HKT Trust and the Company
<b>“Solutions Group”</b>	Solutions Holdings and its subsidiaries
<b>“Solutions Holdings”</b>	HKT Solutions Holdings Limited, a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of PCCW
<b>“Solutions Macau”</b>	Pacific Century CyberWorks Solutions (Macau) Limited, a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of PCCW
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Three UK”</b>	Hutchison 3G UK Limited, a company incorporated in England and Wales



“ <b>Transvision</b> ”	Transvision Investments Limited, a company incorporated in the British Virgin Islands
“ <b>Trustee-Manager</b> ”	HKT Management Limited (a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW), in its capacity as the trustee-manager of the HKT Trust
“ <b>£</b> ”	pounds sterling, the lawful currency of the United Kingdom

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

*Translations of currency values in this announcement are made on an approximate basis and at the rate of £1 = HK\$9.9278.*

Hong Kong, July 18, 2019

As at the date of this announcement, the Directors of the Trustee-Manager and the Company are as follows:

*Executive Directors:*

Li Tzar Kai, Richard (*Executive Chairman*) and Hui Hon Hing, Susanna (*Group Managing Director*)

*Non-Executive Directors:*

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

*Independent Non-Executive Directors:*

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