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Pacific Century
Premium Developments
盈科大衍地產發展

PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED

盈科大衍地產發展有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00432)

**CONTINUING CONNECTED TRANSACTIONS
MASTER AGREEMENTS FOR PROCUREMENT OF GOODS
AND SERVICES**

In the ordinary course of business, the PCPD Group from time to time enters into transactions with the PCCW Group, which includes the Parent Group and the HKT Group, in relation to procurement of goods and services.

On 9 December 2013, PCPDOL entered into the Parent Group Master Agreement with PCCW Solutions and the HKT Group Master Agreement with HKTL. Such Master Agreements set out the frameworks for such transactions with these two groups respectively.

Since the Listing Date of HKT, HKT is a separately listed entity, as such, transactions would be entered into with the Parent Group and the HKT Group separately.

As PCCW is a substantial shareholder of the Company, PCCW and its associates (hence the Parent Group Companies, HKT and the HKT Group Companies) are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Parent Group Master Agreement and the HKT Group Master Agreement will constitute continuing connected transactions of the Company. Such transactions would be subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirements under the Listing Rules.

In the ordinary course of business, the PCPD Group from time to time enters into transactions with the PCCW Group, which includes the Parent Group and the HKT Group, in relation to procurement of goods and services. PCPDOL has entered into the Parent Group Master Agreement with PCCW Solutions and the HKT Group Master Agreement with HKTL. The principal terms of the Master Agreements are set out below.

Since the Listing Date of HKT, HKT is a separately listed entity, as such, transactions would be entered into with the Parent Group and the HKT Group separately.

PRINCIPAL TERMS OF THE PARENT GROUP MASTER AGREEMENT

Date of agreement	9 December 2013
Parties	PCPDOL and PCCW Solutions
Term	From 1 January 2014 until 31 December 2016 (both dates inclusive)

Purpose

The Parent Group Master Agreement sets out the framework for the provision of certain goods and services by the Parent Group to the PCPD Group. The goods and services which may be provided by the Parent Group pursuant to the Parent Group Master Agreement include the following:

(a) **Information Technology Solutions and Services**

Information technology solutions and services including but not limited to software development and system implementation, hosting and managed services, and any other ancillary and related services (collectively referred to as “Information Technology Solutions and Services”); and

(b) **Corporate Services and Other Services**

Corporate services (such as insurance arrangements, events organization, sales and marketing arrangements), logistics services, consultancy services (including but not limited to the following services: budgetary advice and expenditure reporting, procurement of subcontractor services) and any other ancillary and related services (collectively referred to as “Corporate Services and Other Services”).

The term “services” includes consultancy, installation, sales, support, repair and maintenance services.

Pricing and Terms

The prices payable by the PCPD Group for the goods and services to be provided under the Parent Group Master Agreement will be determined between the Parent Group and the PCPD Group provided that the price of the relevant goods or services will not be higher than the lowest of the following amounts:

- (a) if applicable, the published or listed price of the relevant goods or services from time to time issued by the corresponding Parent Group Company; or
- (b) if the contract is awarded to a Parent Group Company following an open tender process, the median price of all the prices quoted by the bidders which have submitted tenders which comply with the tender specifications and conditions; or
- (c) in other cases, the price which the relevant Parent Group Company charges its independent customers or clients for the relevant goods or services.

The other terms and conditions of each transaction pursuant to the Parent Group Master Agreement shall be on an arm’s length basis and on normal commercial terms and no less favourable to the PCPD Group than those obtainable from independent suppliers and contractors.

The terms and conditions of each transaction pursuant to the Parent Group Master Agreement must comply with the Parent Group Master Agreement and must be set out in writing and signed by the relevant Parent Group Company and PCPD Group Company. In particular, the duration or term of each transaction must not exceed 3 years.

Parent Group Annual Caps

The Parent Group Annual Caps for each category of transactions contemplated under the Parent Group Master Agreement are as follows:

	Annual Cap <i>(HK\$'000)</i>		
	Financial year ending 31 December		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Information Technology Solutions and Services	3,200	3,300	3,400
Corporate Services and Other Services	950	980	1,000
Total	<u>4,150</u>	<u>4,280</u>	<u>4,400</u>

PRINCIPAL TERMS OF THE HKT GROUP MASTER AGREEMENT

Date of agreement	9 December 2013
Parties	PCPDOL and HKTL
Term	From 1 January 2014 until 31 December 2016 (both dates inclusive)

Purpose

The HKT Group Master Agreement sets out the framework for the provision of certain goods and services by the HKT Group to the PCPD Group. The goods and services which may be provided by the HKT Group pursuant to the HKT Group Master Agreement include the following:

(a) **Telecommunications and Related Equipment and Services**

Telecommunications and related equipment and services including but not limited to fixed-line telephone services; mobile telephone services; broadband internet access services; international telecommunication services; local data services, and other ancillary and related services (collectively referred to as “Telecommunications and Related Equipment and Services”); and

(b) **Corporate Services and Other Services**

Corporate services (such as insurance arrangements, events organization, sales and marketing arrangements), portfolio management services, facilities management services and any other ancillary and related services (collectively referred to as “Corporate Services and Other Services”).

The term “services” includes consultancy, installation, sales, support, repair and maintenance services.

Pricing and Terms

The prices payable by the PCPD Group for the goods and services to be provided under the HKT Group Master Agreement will be determined between the HKT Group and the PCPD Group provided that the price of the relevant goods or services will not be higher than the lowest of the following amounts:

- (a) if applicable, the published or listed price of the relevant goods or services from time to time issued by the corresponding HKT Group Company; or
- (b) if the contract is awarded to a HKT Group Company following an open tender process, the median price of all the prices quoted by the bidders which have submitted tenders which comply with the tender specifications and conditions; or
- (c) in other cases, the price which the relevant HKT Group Company charges its independent customers or clients for the relevant goods or services.

The other terms and conditions of each transaction pursuant to the HKT Group Master Agreement shall be on an arm's length basis and on normal commercial terms and no less favourable to the PCPD Group than those obtainable from independent suppliers and contractors.

The terms and conditions of each transaction pursuant to the HKT Group Master Agreement must comply with the HKT Group Master Agreement and must be set out in writing and signed by the relevant HKT Group Company and PCPD Group Company. In particular, the duration or term of each transaction must not exceed 3 years.

HKT Group Annual Caps

The HKT Group Annual Caps for each category of transactions contemplated under the HKT Group Master Agreement are as follows:

	Annual Cap <i>(HK\$'000)</i>		
	Financial year ending 31 December		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Telecommunications and Related Equipment and Services	6,300	6,600	6,900
Corporate Services and Other Services	5,900	6,300	6,800
Total	<u>12,200</u>	<u>12,900</u>	<u>13,700</u>

THE AGGREGATE VALUES OF THE TRANSACTIONS CONTEMPLATED UNDER THE PCCW GROUP MASTER AGREEMENT

The aggregate values for each category of transactions between the PCPD Group and the PCCW Group (i.e. the aggregate of these types of transactions with the Parent Group and the HKT Group) for the three financial years ended/ending 31 December 2013 are set out below:

	Aggregate Value <i>(HK\$'000, rounded upwards to the nearest thousand)</i>		
	Financial year ended/ending 31 December		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Information Technology Solutions and Services and Telecommunications and Related Equipment and Services	4,563	3,605	4,351
Corporate Services and Other Services	6,166	4,634	4,787
Total	<u>10,729</u>	<u>8,239</u>	<u>9,138</u>

(Note: The figures in the "2013" column are derived from the aggregate of the actual values of the relevant transactions for the ten months ended 31 October 2013 and the estimated values of those transactions for November and December 2013. The figures in the columns "2011" and "2012" are the actual values of the relevant transactions for those financial years.)

The Parent Group Annual Caps and the HKT Group Annual Caps for each category of transactions have been determined by reference to: (a) the respective historical annual or annualized values in respect of that category of goods and services provided by the PCCW Group (i.e. by the Parent Group and the HKT Group correspondingly) to the PCPD Group during the past three financial years; and (b) the respective projected annual or annualized values of that category of goods and services expected to be provided by the Parent Group and HKT Group to the PCPD Group in the next three financial years.

The projected figures are determined based on (i) the relevant historical figures; (ii) the estimated growth of the business of the PCPD Group in light of the economic growth in Hong Kong and mainland China, the principal markets of the PCPD Group where the Parent Group and the HKT Group have operations; (iii) the estimated market pricing of the respective goods and services contemplated in the Parent Group Master Agreement and the HKT Group Master Agreement taking into account the current and expected inflationary environment; and (iv) the assumption that there will not be any adverse change in the market conditions and business environment or government policies which may have a material adverse effect on the PCPD Group's business and/or the businesses of the Parent Group and/or the HKT Group.

The Company confirms that the PCCW Group Annual Caps for the financial years ended 31 December 2011 and 31 December 2012 as set out in the Company's announcement dated 31 December 2010 were not exceeded (and that for the financial year ending 31 December 2013 will not be exceeded).

REASONS FOR AND THE BENEFITS OF THE MASTER AGREEMENTS AND VIEWS OF THE DIRECTORS

As the transactions contemplated under the Master Agreements will take place on a continuing basis in the usual and ordinary course of businesses of the PCPD Group and the PCCW Group, the Directors (including the independent non-executive Directors) consider that it is beneficial to the Company for it to enter into the Master Agreements to set out the frameworks within which the relevant transactions should be effected. They also consider that the Master Agreements had been negotiated and were conducted on an arm's length basis between the parties and are on normal commercial terms. The Master Agreements also require that the terms and conditions of the transactions effected thereunder must be on an arm's length basis and no less favourable to the PCPD Group than those obtainable from independent third parties. The Directors (including the independent non-executive Directors) are of the view that the Annual Caps and the terms of the Master Agreements are fair and reasonable and in the interest of the shareholders of the Company as a whole.

REQUIREMENTS OF THE LISTING RULES

As PCCW is a substantial shareholder of the Company, PCCW and its associates (hence the Parent Group Companies, HKT and the HKT Group Companies) are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Parent Group Master Agreement and the HKT Group Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the relevant percentage ratios under the Listing Rules for the aggregate value of the transactions to be effected pursuant to the Parent Group Master Agreement is less than the thresholds under Rule 14A.34 of the Listing Rules, the Parent Group Master Agreement would be only subject to the reporting and announcement requirements set out in Rule 14A.45 to Rule 14A.47 of the Listing Rules and would be exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Particulars of the transactions to be effected pursuant to the Parent Group Master Agreement will be included in the annual reports of the Company. Such transactions would be also subject to annual review by the independent non-executive Directors and the auditors of the Company pursuant to Rule 14A.37 and Rule 14A.38 of the Listing Rules.

As each of the relevant percentage ratios under the Listing Rules for the aggregate value of the transactions to be effected pursuant to the HKT Group Master Agreement is less than the thresholds under Rule 14A.34 of the Listing Rules, the HKT Group Master Agreement would be only subject to the reporting and announcement requirements set out in Rule 14A.45 to Rule 14A.47 of the Listing Rules and would be exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Particulars of the transactions to be effected pursuant to the HKT Group Master Agreement will be included in the annual reports of the Company. Such transactions would be also subject to annual review by the independent non-executive Directors and the auditors of the Company pursuant to Rule 14A.37 and Rule 14A.38 of the Listing Rules.

As no Director has any material interest in the Master Agreements, none of the Directors have abstained from voting on the resolutions of the board of Directors approving the Master Agreements and the related transactions.

GENERAL

The PCPD Group is principally engaged in the development and management of premium property and infrastructure projects, as well as investment in premium-grade buildings, in the Asia-Pacific region.

The PCCW Group is principally engaged in the provision of local, mobile and international telecommunications services, Internet access services, interactive multimedia and pay-TV services, the sale and rental of telecommunications equipment, and the provision of computer, engineering and other technical services primarily in Hong Kong and also in mainland China and elsewhere in the Asia Pacific region; investments in, and development of, systems integration, network engineering, and technology-related businesses; and investments in, and development of, infrastructure and properties in Hong Kong, mainland China and elsewhere in the Asia Pacific region.

The HKT Group is principally engaged in the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, customer premises equipment sale, outsourcing, consulting and contact centers. It operates primarily in Hong Kong, and also serves customers in mainland China and other parts of the world.

DEFINITIONS

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

“Annual Caps”	the Parent Group Annual Caps and the HKT Group Annual Caps
“associate”	has the meaning ascribed to it in the Listing Rules
“Company” or “PCPD”	Pacific Century Premium Developments Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Directors”	directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKT”	HKT Limited, a company incorporated in the Cayman Islands with limited liability, the share stapled units of the HKT Trust and HKT Limited are listed on the main board of the Stock Exchange (stock code: 06823)
“HKT Group”	HKT and its subsidiaries (“HKT Group Company” means any company within the HKT Group)
“HKT Group Annual Caps”	the maximum aggregate annual values for each category of transactions contemplated under the HKT Group Master Agreement set for the three financial years ending 31 December 2016

“HKT Group Master Agreement”	Master Agreement for supply of goods and services between PCPDOL and HKTL dated 9 December 2013
“HKT Trust”	a trust constituted on 7 November 2011 under the laws of Hong Kong and managed by HKT Management Limited
“HKTL”	Hong Kong Telecommunications (HKT) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of HKT
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Date of HKT”	the date on which the trading of the share stapled units of the HKT Trust and HKT Limited commenced on the main board of the Stock Exchange (stock code: 06823) i.e. 29 November 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreements”	Parent Group Master Agreement and HKT Group Master Agreement
“Parent Group”	PCCW and its subsidiaries (excluding the PCPD Group and the HKT Group) (“Parent Group Company” means any company within the Parent Group)
“Parent Group Annual Caps”	the maximum aggregate annual values for each category of transactions contemplated under the Parent Group Master Agreement set for the three financial years ending 31 December 2016
“Parent Group Master Agreement”	Master Agreement for supply of goods and services between PCPDOL and PCCW Solutions dated 9 December 2013
“PCCW”	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: 00008) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States (Ticker: PCCWY), which is indirectly holding approximately 74.50% of the total issued share capital of PCPD as at the date of this announcement
“PCCW Group”	PCCW and its subsidiaries (excluding the PCPD Group)
“PCCW Group Annual Caps”	the maximum aggregate annual values for each category of transactions contemplated under the PCCW Group Master Agreement set for the three financial years ending 31 December 2013 as set out in the Company’s announcement dated 31 December 2010

“PCCW Group Master Agreement”	Master Agreement for supply of goods and services between PCPDOL and HKTL dated 31 December 2010
“PCCW Solutions”	PCCW Solutions Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW
“PCPD Group”	the Company and its subsidiaries (“PCPD Group Company” means any company within the PCPD Group)
“PCPDOL”	PCPD Operations Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company
“percentage ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules

By Order of the Board
Pacific Century Premium Developments Limited
Cheng Wan Seung, Ella
Company Secretary

Hong Kong, 9 December 2013

The Directors of the Company as at the date of this announcement are:

Executive Directors:

Li Tzar Kai, Richard (Chairman); Lee Chi Hong, Robert (Deputy Chairman and Chief Executive Officer); Lam Yu Yee (Deputy Chief Executive Officer and Chief Financial Officer); James Chan; and Gan Kim See, Wendy

Independent Non-Executive Directors:

Cheung Kin Piu, Valiant; Prof Wong Yue Chim, Richard, SBS, JP; and Dr Allan Zeman, GBM, GBS, JP

** For identification only*