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PCCW Limited
電訊盈科有限公司

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

VOLUNTARY ANNOUNCEMENT

INVESTMENTS BY
HONY CAPITAL, FOXCONN VENTURES AND TEMASEK
IN
PCCW INTERNATIONAL OTT (CAYMAN ISLANDS) HOLDINGS LIMITED

THE INVESTMENTS

The Company is pleased to announce that on August 10, 2017, PCCW OTT entered into the Subscription Agreement with Hony Capital, Foxconn Ventures and Temasek, pursuant to which Hony Capital, Foxconn Ventures and Temasek agreed to severally subscribe for an aggregate of 11,000,000 Preference Shares, representing approximately 18% of the enlarged issued share capital of PCCW OTT, for a total consideration of US\$110 million (equivalent to approximately HK\$858 million).

As at the date of this announcement, PCCW OTT is a wholly-owned subsidiary of the Company. The PCCW OTT Group is engaged primarily in the provision of OTT (Over-The-Top) Internet media and entertainment services. On Closing, PCCW Media will remain as the controlling shareholder of PCCW OTT.

Hony Capital, Foxconn Ventures and Temasek will pay the consideration in full in cash on Closing. PCCW OTT intends to use the net proceeds from the Investments for general working capital and expansion of the PCCW OTT Group's business in South East Asia, India and the Europe, Middle East and Africa (EMEA) region.

Closing is expected to take place on or around September 25, 2017, subject to the satisfaction of certain closing conditions.

Hony Capital has been granted an option to subscribe for up to a further 2,000,000 Preference Shares at an exercise price of US\$10.00 per Preference Share, which may be exercised by Hony Capital at any time within nine months after Closing. Upon completion of the exercise of such option, Hony Capital, Foxconn Ventures and Temasek would hold a total of approximately 20.6% of the enlarged issued share capital of PCCW OTT.

The Preference Shares confer certain customary rights such as dividend, preference in liquidation and upon an IPO or sale of the business. The Preference Shares are redeemable at the original subscription price at the end of five years if a qualifying IPO has not occurred. The shareholders agreement entered into in connection with the Investments also includes customary provisions relating to board representation, transfers and sales of shares and minority shareholder protection.

OBJECTIVES AND BENEFITS OF THE INVESTMENTS

The PCCW OTT Group provides OTT services in 24 markets globally, including video streaming services under the “Viu” and “Vuclip” brands as well as a music streaming service under the “Moov” brand.

Bringing in Hony Capital, Foxconn Ventures and Temasek as investors will support the PCCW OTT Group’s efforts to grow in its existing markets, as well as to explore other attractive markets. The PCCW OTT Group will use the proceeds from the Investments to further solidify its leading position in the market with the introduction of more locally relevant and original content and technologies to support innovative product development.

The Directors are of the view that the terms of the Investments are fair and reasonable and that the Investments are on normal commercial terms or better (as far as the Company is concerned) and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Investments constitute a deemed disposal of the Company’s equity interest in PCCW OTT. As all of the applicable percentage ratios in respect of the Investments, on an aggregate basis, are less than 5%, the Investments do not constitute a notifiable transaction for the Company under the Listing Rules. This announcement is made by the Company on a voluntary basis.

DEFINITIONS

In this announcement, the following terms and expressions have the following meanings, unless the context requires otherwise:

“ Closing ”	closing of the Investments under the Subscription Agreement.
“ Company ”	PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on 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).
“ Directors ”	the directors of the Company.
“ Foxconn Ventures ”	Foxconn Ventures Pte. Ltd., a company organised and existing under the laws of Singapore.
“ HK\$ ”	Hong Kong dollars, the lawful currency of Hong Kong.

“Hony Capital”	Fortune Eight Halo Limited, a company organised and existing under the laws of the British Virgin Islands and an investment holding company controlled by Hony Group Management Limited.
“Investments”	the subscriptions for Preference Shares severally by the Investors under the Subscription Agreement.
“Investors”	Hony Capital, Foxconn Ventures and Temasek.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange.
“PCCW Media”	PCCW Media Holdings Limited, a company organised and established under the laws of the Cayman Islands.
“PCCW OTT”	PCCW International OTT (Cayman Islands) Holdings Limited, a company organised and established under the laws of the Cayman Islands.
“PCCW OTT Group”	PCCW OTT and its subsidiaries.
“Preference Shares”	series A convertible redeemable voting preference shares of a par value of US\$1.00 each in the capital of PCCW OTT.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Subscription Agreement”	the subscription agreement dated August 10, 2017 entered into between PCCW OTT and the Investors in relation to the subscription of Preference Shares severally by the Investors.
“Temasek”	Anderson Investments Pte. Ltd., a company organised and existing under the laws of Singapore, which is an indirect wholly owned subsidiary of Temasek Holdings (Private) Limited.
“US\$”	United States dollars, the lawful currency of the United States of America.

By order of the Board of
PCCW 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 US\$1 = HK\$7.8.

Hong Kong, August 10, 2017

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

Sir David Ford, KBE, LVO; Tse Sze Wing, Edmund, GBS; Lu Yimin (Deputy Chairman); Li Fushen; Shao Guanglu and Wei Zhe, David

Independent Non-Executive Directors

Dr The Hon Sir David Li Kwok Po, GBM, GBS, OBE, JP; Aman Mehta; Frances Waikwun Wong; Bryce Wayne Lee; Lars Eric Nils Rodert and David Christopher Chance