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**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 SUPPLY AND 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 27 December 2019, PCPDOL entered into the Parent Group 2019 Master Agreement with PCCW Solutions. On 27 December 2019, PCPDOL also separately entered into the HKT Group 2019 Master Agreement with HKTL. Such Master Agreements set out the frameworks for such transactions with these two groups respectively.

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 Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Parent Group 2019 Master Agreement and the HKT Group 2019 Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the relevant percentage ratios for the annual caps of the transactions to be effected pursuant to each of the Parent Group 2019 Master Agreement and the HKT Group 2019 Master Agreement exceed 0.1% but all of them are less than 5%, the transactions thereunder 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.

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 27 December 2019, PCPDOL entered into the Parent Group 2019 Master Agreement with PCCW Solutions. On 27 December 2019, PCPDOL also separately entered into the HKT Group 2019 Master Agreement with HKTL. The principal terms of the Master Agreements are set out below:

**PRINCIPAL TERMS OF THE PARENT GROUP 2019 MASTER AGREEMENT**

<b>Date of agreement</b>	: 27 December 2019
<b>Parties</b>	: PCPDOL and PCCW Solutions
<b>Term</b>	: From 1 January 2020 until 31 December 2022 (both dates inclusive)

## **Purpose**

The Parent Group 2019 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 2019 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 as may be agreed from time to time (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 as may be agreed from time to time (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 2019 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 bidders (including the relevant Parent Group Company and at least two other independent bidders) which have submitted tenders, which comply with the required 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 prices payable by the PCPD Group for the goods and services to be provided under the Parent Group 2019 Master Agreement may be settled by regular periodic payments, in a lump sum or by installments, or in such other manner as shall be appropriate according to the nature of the goods or services provided.

The other terms and conditions of each transaction pursuant to the Parent Group 2019 Master Agreement shall be on an arm’s length basis 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 2019 Master Agreement must comply with the Parent Group 2019 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 2019 Annual Caps

The Parent Group 2019 Annual Caps for each category of transactions contemplated under the Parent Group 2019 Master Agreement are as follows:

	Annual Cap (HK\$'000)		
	Financial year ending 31 December		
	<u>2020</u>	<u>2021</u>	<u>2022</u>
Information Technology Solutions and Services (not including those fully exempt as consumer goods and services)	2,000	2,000	2,000
Corporate Services and Other Services	530	530	540
<b>Total</b>	<b><u>2,530</u></b>	<b><u>2,530</u></b>	<b><u>2,540</u></b>

## PRINCIPAL TERMS OF THE HKT GROUP 2019 MASTER AGREEMENT

<b>Date of agreement</b>	: 27 December 2019
<b>Parties</b>	: PCPDOL and HKTL
<b>Term</b>	: From 1 January 2020 until 31 December 2022 (both dates inclusive)

### Purpose

The HKT Group 2019 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 2019 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 as may be agreed from time to time (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, travel arrangements and administrative services), portfolio management services, facilities management services and any other ancillary and related services as may be agreed from time to time (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 2019 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 bidders (including the relevant HKT Group Company and at least two other independent bidders) which have submitted tenders, which comply with the required 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 prices payable by the PCPD Group for the goods and services to be provided under the HKT Group 2019 Master Agreement may be settled by regular periodic payments, in a lump sum or by installments, or in such other manner as shall be appropriate according to the nature of the goods or services provided.

The other terms and conditions of each transaction pursuant to the HKT Group 2019 Master Agreement shall be on an arm's length basis 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 2019 Master Agreement must comply with the HKT Group 2019 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 2019 Annual Caps

The HKT Group 2019 Annual Caps for each category of transactions contemplated under the HKT Group 2019 Master Agreement are as follows:

	<b>Annual Cap</b> <i>(HK\$'000)</i>		
	<b>Financial year ending 31 December</b>		
	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>Telecommunications and Related Equipment and Services (not including those fully exempt as consumer goods and services)</b>	3,000	3,000	3,000
<b>Corporate Services and Other Services</b>	9,270	9,330	9,390
<b>Total</b>	<b><u>12,270</u></b>	<b><u>12,330</u></b>	<b><u>12,390</u></b>

**THE AGGREGATE VALUES OF THE TRANSACTIONS CONTEMPLATED UNDER THE PARENT GROUP 2016 MASTER AGREEMENT AND THE HKT GROUP 2016 MASTER AGREEMENT**

The aggregate values for each category of transactions between (i) the PCPD Group and the Parent Group; and (ii) the PCPD Group and the HKT Group for the three financial years ended/ending 31 December 2019 are set out below:

	<b>Aggregate Value</b> <i>(HK\$'000, rounded to the nearest thousand)</i>		
	<b>Financial year ended/ending 31 December</b>		
	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b> (Estimated)
<b>(i) Parent Group</b>			
<b>Information Technology Solutions and Services (not including those fully exempt as consumer goods and services)</b>	350	352	355
<b>Corporate Services and Other Services</b>	509	490	512
<b>Total</b>	<b><u>859</u></b>	<b><u>842</u></b>	<b><u>867</u></b>
<b>(ii) HKT Group</b>			
<b>Telecommunications and Related Equipment and Services (not including those fully exempt as consumer goods and services)</b>	767	817	564
<b>Corporate Services and Other Services</b>	3,527	3,592	3,588
<b>Total</b>	<b><u>4,294</u></b>	<b><u>4,409</u></b>	<b><u>4,152</u></b>

*(Note: In the above table, the figures in the column "2019" are derived from the aggregate of the actual values of the relevant transactions for the ten months ended 31 October 2019 and the estimated values of those transactions for November and December 2019; the figures in the columns "2017" and "2018" are the actual amounts of the relevant transactions for the financial years ended 31 December 2017 and 31 December 2018.)*

The Parent Group 2019 Annual Caps and the HKT Group 2019 Annual Caps for each category of transactions have been determined with reference to: (a) the respective historical annual or annualized values in respect of that category of goods and services provided by the Parent Group and the HKT Group 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 Annual Caps are determined and calculated based on (i) the above relevant historical figures of transactions under the Parent Group 2016 Master Agreement and the HKT Group 2016 Master Agreement; (ii) the estimated growth of the business of the PCPD Group in light of the economic growth in Hong Kong, the principal market 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 under the Parent Group 2019 Master Agreement and the HKT Group 2019 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 PCPD Group will acquire from the Parent Group from time to time certain personal computing equipment and devices such as desktop computers, laptop computers and related goods/services and such purchases fall within the exemption under Rule 14A.97 of the Listing Rules as buying consumer goods and services. Such transactions will be fully exempted from announcement, reporting, circular and shareholders' approval requirements, and the annual caps for Information Technology Solutions and Services for 2020 to 2022 do not comprise such fully exempt transactions.

The PCPD Group will also acquire from the HKT Group from time to time certain fixed-line telephone services; mobile telephone and its services; broadband internet access services; international telecommunication services and related goods/services and such purchases fall within the exemption under Rule 14A.97 of the Listing Rules as buying consumer goods and services. Such transactions will be fully exempted from announcement, reporting, circular and shareholders' approval requirements, and the annual caps for Telecommunications and Related Equipment and Services for 2020 to 2022 do not comprise such fully exempt transactions.

The Company confirms that the Parent Group 2016 Annual Caps and HKT Group 2016 Annual Caps for the financial years ended 31 December 2017 and 31 December 2018 as set out in the Company's announcement dated 23 December 2016 were not exceeded (and that for the financial year ending 31 December 2019 will not be exceeded).

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

The Directors (including the independent non-executive Directors but excluding the Directors who abstained from voting) consider that the transactions contemplated under the Master Agreements take place on a continuing basis in the usual and ordinary course of businesses of the PCPD Group and of each of the Parent Group and the HKT Group, and 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. It is considered that the entering into of these continuing connected transactions will help to achieve business continuity and efficiency as well as to minimize any potential disruption to the daily operations of the PCPD Group. The provisions under each of the Master Agreements on pricing as described above will ensure that the PCPD Group will not be charged by the Parent Group or the HKT Group (as the case maybe) higher than other independent suppliers, and thus the transactions thereunder will be on normal commercial terms (or better to the PCPD Group) and will not be prejudicial to the interests of the Company and its independent shareholders. The Master Agreements also require that the terms and conditions of the transactions effected thereunder must be on an arm's length basis. The Directors (including the independent non-executive Directors but excluding the Directors who abstained from voting) are of the view that the Annual Caps and the terms of the Master Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has any material interest in the Master Agreements, except Mr. Li Tzar Kai, Richard and Ms. Hui Hon Hing, Susanna (being the Directors of the Company and also the Executive Directors of PCCW, HKT Management Limited (the trustee-manager of the HKT Trust) and HKT), and Mr. Lee Chi Hong, Robert (being the Director of the Company and also the Executive Director of PCCW) who have abstained from voting on the Board resolutions approving the Master Agreements and the related transactions.

## **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 Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Parent Group 2019 Master Agreement and the HKT Group 2019 Master Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the relevant percentage ratios for the annual caps of the transactions to be effected pursuant to each of the Parent Group 2019 Master Agreement and the HKT Group 2019 Master Agreement exceed 0.1% but all of them are less than 5%, the transactions thereunder 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. Details of the transactions will be disclosed in the Company's annual report in accordance with Rule 14A.49 and Rule 14A.71 of the Listing Rules.

## **GENERAL**

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.

The PCCW Group (including the PCPD Group) is principally engaged in 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 HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong.

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, enterprise solutions, and other telecommunications businesses such as customer premises equipment sales, 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 2019 Annual Caps and the HKT Group 2019 Annual Caps
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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 (stock code : 00432)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) 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 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 2016 Annual Caps”	the maximum aggregate annual values for each category of transactions contemplated under the HKT Group 2016 Master Agreement set for the three financial years ending 31 December 2019 as set out in the Company’s announcement dated 23 December 2016
“HKT Group 2019 Annual Caps”	the annual caps for each category of transactions contemplated under the HKT Group 2019 Master Agreement set for the three financial years ending 31 December 2022 (excluding those transactions fully exempt as buying consumer goods and services under Rule 14A.97 of the Listing Rules)
“HKT Group 2016 Master Agreement”	Master Agreement for supply and procurement of goods and services between PCPDOL and HKTL dated 23 December 2016
“HKT Group 2019 Master Agreement”	Master Agreement for supply and procurement of goods and services between PCPDOL and HKTL dated 27 December 2019
“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 Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreements”	the Parent Group 2019 Master Agreement and the HKT Group 2019 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 2016 Annual Caps”	the maximum aggregate annual values for each category of transactions contemplated under the Parent Group 2016 Master Agreement set for the three financial years ending 31 December 2019 as set out in the Company’s announcement dated 23 December 2016
“Parent Group 2019 Annual Caps”	the annual caps for each category of transactions contemplated under the Parent Group 2019 Master Agreement set for the three financial years ending 31 December 2022 (excluding those transactions fully exempt as buying consumer goods and services under Rule 14A.97 of the Listing Rules)
“Parent Group 2016 Master Agreement”	Master Agreement for supply and procurement of goods and services between PCPDOL and PCCW Solutions dated 23 December 2016
“Parent Group 2019 Master Agreement”	Master Agreement for supply and procurement of goods and services between PCPDOL and PCCW Solutions dated 27 December 2019
“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 of America (ticker: PCCWY), which is indirectly holding approximately 70.88% of the issued share capital of the Company as at the date of this announcement
“PCCW Group”	PCCW and its subsidiaries (excluding the PCPD Group)
“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 under Chapter 14 of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

By Order of the Board  
**Pacific Century Premium Developments Limited**  
**Timothy Tsang**  
*General Counsel and Company Secretary*

Hong Kong, 27 December 2019

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

***Executive Directors:***

Li Tzar Kai, Richard; Benjamin Lam Yu Yee (Deputy Chairman and Group Managing Director); James Chan; and Hui Hon Hing, Susanna

***Non-Executive Directors:***

Lee Chi Hong, Robert (Non-Executive Chairman); and Dr Allan Zeman, GBM, GBS, JP

***Independent Non-Executive Directors:***

Prof Wong Yue Chim, Richard, SBS, JP; Chiang Yun; and Dr Vince Feng

*\* For identification only*