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PCCW Limited

電訊盈科有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0008)

CONNECTED TRANSACTION

ACQUISITION OF CLERMONT MEDIA LIMITED

On 28 January 2025, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Seller entered into the SPA, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, the Target Interest for a total consideration of HK\$70 million, which will be settled in cash. Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (a) Mr. Li is the Chairman and an Executive Director of the Company, and (b) the Seller is wholly owned by a trust of which Mr. Li is the settlor. Therefore, the Seller is a connected person of the Company and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceeds 0.1% but all of such applicable percentage ratios are lower than 5%, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 28 January 2025, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the SPA, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, the Target Interest for a total consideration of HK\$70 million, which will be settled in cash.

SUMMARY OF THE PRINCIPAL TERMS OF THE SPA

- Date : 28 January 2025.
- Parties : The Purchaser and the Seller.
- Subject matter : The SPA provides for the sale by the Seller and the purchase by the Purchaser of the Target Interest.
- Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company.
- Consideration : The total consideration is HK\$70 million (the “**Consideration**”), which shall be payable in cash in full at Completion.
- The Consideration was determined after arm’s length negotiations between the Seller and the Purchaser with reference to, among other things, the business of the Target Group, the factors set out in the section headed “Reasons for and Benefits of the Transaction” below, and the price to total revenue multiple of the Transaction.
- This multiple is benchmarked against those of three companies currently listed on the Stock Exchange. The Company believes these companies are appropriate comparable companies to the Target for the following principal reasons: (a) each publishes a printed newspaper in general circulation in Hong Kong; (b) they are principally engaged in (without limitation) the business of publication of newspapers, magazines and books, and operation of online lifestyle platforms in Hong Kong; (c) their publications and other offerings are principally in the Chinese language; (d) the target audience of their publications and other offerings is the Hong Kong public; (e) they manage and carry out their main business activities in Hong Kong; and (f) as they are listed on the Stock Exchange, reliable financial information of these companies are readily publicly available. The Company is not aware of any other company that satisfies the foregoing criteria for inclusion as a comparable in the determination of the Consideration for the Transaction. Based on the Target Group’s total revenue for the year ended 31 December 2023, the price (i.e., Consideration) to total revenue multiple for this Transaction is 0.69x, which is comparable to the mean price (i.e., market capitalisation as at the date of this announcement) to total revenue multiple of 0.64x for these comparable companies based on their latest published audited annual financial statements.
- Conditions precedent : Completion of the Transaction is subject to customary conditions, including the Seller Loan Capitalisation.
- Completion : Completion shall take place on a date which is no later than 30 calendar days following the date of the SPA, or such other date as the Seller and the Purchaser may agree (the “**Completion Date**”).

Payment of Consideration : The Consideration shall be paid by the Purchaser to the Seller in cash in the manner specified in the SPA on the Completion Date.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Target Group is principally engaged in the business of, among other things, publication of newspapers and journals and operation of a variety of online platforms, websites, systems and portals relating to finance, economy, investment, lifestyle and education. The acquisition of the Target Group will expand the PCCW Group's business in these areas, expanding advertising and subscription revenues by strengthening content for the existing news channel and enhancing the experience across the PCCW Group's various media platforms as well as delivering operational efficiencies by leveraging the PCCW Group's extensive resources.

The directors, including the independent non-executive directors, of PCCW consider the terms of the SPA to be fair and reasonable, the Transaction is on normal commercial terms or better and is in the ordinary and usual course of business of the PCCW Group, and in the interests of PCCW and its shareholders as a whole.

INFORMATION ON PCCW

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

The principal activity of PCCW is investment holding, and the principal activities of the PCCW Group are the provision of technology and telecommunications and related services including enterprise solutions, consumer mobile, total home solutions, media entertainment, and other new businesses such as loyalty platform, fintech and healthtech services in Hong Kong, the Asia Pacific region, and other parts of the world; and investments in, and development of, system integration, network engineering, and information technology-related businesses. Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong. The PCCW Group also has an interest in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments through its interest in Pacific Century Premium Developments Limited.

INFORMATION ON THE SELLER

The Seller, New Class Holdings Limited, is a BVI business company incorporated under the laws of the British Virgin Islands, its principal business is investment holding and it holds all the legal and beneficial interest in the Target. It is wholly owned by a trust of which Mr. Li is the settlor.

INFORMATION ON THE TARGET

The Target, Clermont Media Limited, is a BVI business company incorporated in the British Virgin Islands. The principal activity of the Target is investment holdings. The Target Group's principal business consists of business relating to the newspaper known as the "Hong Kong Economic Journal" and/or "信報財經新聞" and/or "信報" and the monthly magazine known as the "Hong Kong Economic Journal Monthly" and/or "信報財經月刊", and operating the HKEJ.COM website and HKEJ mobile app which provides both free content and paid content on a subscription basis.

According to the latest information available to the Company as at the date of this announcement, being the unaudited pro forma financial statements of the Target Group prepared as if the Seller Loan Capitalisation took place on 30 June 2024, and in accordance with Hong Kong Financial Reporting Standards, (i) the consolidated net losses of the Target Group for the six months ended 30 June 2024 were approximately HK\$3 million; (ii) the consolidated net losses of the Target Group for the financial year ended 31 December 2023 were approximately HK\$30 million; (iii) the consolidated net losses of the Target Group for the financial year ended 31 December 2022 were approximately HK\$16 million; and (iv) the consolidated net assets of the Target Group as at 30 June 2024 was approximately HK\$9 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (a) Mr. Li is the Chairman and an Executive Director of the Company, and (b) the Seller is wholly owned by a trust of which Mr. Li is the settlor. Therefore, the Seller is a connected person of the Company and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceeds 0.1% but all of such applicable percentage ratios are lower than 5%, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Li has a material interest in the Transaction and abstained from voting on the board resolutions approving the Transaction. Save for Mr. Li, no other director of the Company has a material interest in the Transaction.

DEFINITIONS

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

“Company” or “PCCW”	means 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)
“Completion”	means the completion of the sale and purchase of the Target Interest in accordance with the provisions of the SPA
“Completion Date”	has the meaning given to it in the paragraph “Summary of the principal terms of the SPA – Completion” in this announcement
“Consideration”	has the meaning given to it in the paragraph “Summary of the principal terms of the SPA – Consideration” in this announcement

“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	means Mr. Li Tzar Kai, Richard, the Chairman and an Executive Director of the Company and has interests in the shares of the Company as disclosed under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Purchaser”	means PCCW NewsCo Limited, a BVI business company incorporated in the British Virgin Islands
“PCCW Group”	means PCCW and its subsidiaries
“percentage ratios”	has the meaning given to it in the Listing Rules
“Seller”	means New Class Holdings Limited, a BVI business company incorporated in the British Virgin Islands
“Seller Loan Capitalisation”	means the capitalisation of all outstanding indebtedness owed by the Target Group to the Seller as at the Completion Date and the unconditional and irrevocable release of the Target Group from any and all liability thereunder
“SPA”	means the share purchase agreement dated 28 January 2025 between the Seller and the Purchaser, relating to the sale of the Target Interest by the Seller to the Purchaser, the principal terms of which are summarised in the section headed “Summary of the principal terms of the SPA” in this announcement
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Target”	means Clermont Media Limited, a BVI business company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Seller
“Target Group”	means the Target and its subsidiaries
“Target Interest”	means the entire issued share capital of the Target, the original acquisition cost of which was approximately US\$38.5 million

“Transaction”	means the sale and purchase of the Target Interest pursuant to the SPA
“US\$”	means United States dollars, the lawful currency of the United States of America
“%”	means per cent.

In this announcement, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.80. Percentages and figures expressed in millions have been rounded.

By order of the Board of
PCCW Limited
Cheung Hok Chee, Vanessa
Group General Counsel and Company Secretary

Hong Kong, 28 January 2025

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

Executive Directors

Li Tzar Kai, Richard (Chairman) and Hui Hon Hing, Susanna (Acting Group Managing Director and Group Chief Financial Officer)

Non-Executive Directors

Tse Sze Wing, Edmund, GBS; Tang Yongbo (Deputy Chairman); Meng Shusen and Wei Zhe, David

Independent Non-Executive Directors

Aman Mehta; Frances Waikwun Wong; Bryce Wayne Lee; Lars Eric Nils Rodert; David Christopher Chance and Sharhan Mohamed Muhseen Mohamed