
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in PCCW Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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PCCW Limited **電訊盈科有限公司**

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

PROPOSALS FOR

- (1) RE-ELECTION OF DIRECTORS**
 - (2) GENERAL MANDATES TO ISSUE AND BUY BACK SHARES**
 - (3) ADOPTION OF PCCW NEW SHARE SCHEMES**
 - (4) ADOPTION OF HKT NEW SHARE STAPLED UNIT AWARD SCHEME**
- AND**
- (5) TERMINATION OF HKT EXISTING SHARE STAPLED UNIT OPTION SCHEME AND ADOPTION OF HKT NEW SHARE STAPLED UNIT OPTION SCHEME**

NOTICE OF ANNUAL GENERAL MEETING

Notice convening the AGM to be held as a hybrid meeting on Thursday, 30 May 2024 at 4pm at the principal meeting place at 12th Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong is set out in this circular. Whether or not Shareholders are able to attend the AGM, they are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Investor Communications Centre, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event no later than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person or by means of electronic facilities at the AGM (or any adjournment thereof) should they so desire.

The AGM will be held as a hybrid meeting. Shareholders can attend, participate and vote at the AGM through online access by visiting the website – <https://meetings.computershare.com/PCCWAGM2024> (the “**Online Platform**”). Shareholders participating in the AGM through the Online Platform will be counted towards the quorum (subject to the Articles), and they will be able to cast their votes and submit questions through the Online Platform. The Online Platform will be open for Shareholders to log in approximately 30 minutes prior to the commencement of the AGM and can be accessed from any location with internet connection by a smartphone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures. Please refer to the Online Meeting User Guide for the AGM at http://www.pccw.com/agm2024/Generic_User_Guide_Eng.pdf for assistance. Login details for accessing the Online Platform will be posted to registered Shareholders on or about 3 April 2024.

Shareholders attending the AGM through the Online Platform will be able to submit questions relevant to the proposed resolutions online during the AGM. Shareholders can also send their questions to the Company by email at AGM2024@pccw.com from 9am on Friday, 24 May 2024 to 6pm on Tuesday, 28 May 2024. The Company may not be able to respond to all the questions, but will endeavour, where appropriate, to respond to such questions on the Company's website as soon as practicable after the AGM.

Further details relating to attending the AGM through the Online Platform are set out below in this circular.

There will be NO distribution of corporate souvenirs, food, beverages or any other item at the AGM.

The Company may announce further updates (if any) on arrangements relating to the AGM on the Company's website at www.pccw.com and/or by way of an announcement as and when appropriate.

To the extent that there are inconsistencies between the English version and the Chinese version of this circular, the English version shall prevail.

3 April 2024

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ATTENDING THE AGM THROUGH THE ONLINE PLATFORM

For Shareholders who wish to attend, participate and vote at the AGM through online access, please visit the website – <https://meetings.computershare.com/PCCWAGM2024> (the “**Online Platform**”). Shareholders participating in the AGM through the Online Platform will be counted towards the quorum (subject to the Articles), and they will be able to cast their votes and submit questions through the Online Platform.

The Online Platform permits a “split vote” on a resolution, in other words, a Shareholder casting his/her votes through the Online Platform does not have to vote all of his/her Shares in the same way (“**For**” or “**Against**”). In the case of a proxy, he/she can vote such number of Shares in respect of which he/she has been appointed as a proxy. Votes cast through the Online Platform are irrevocable once the voting session at the AGM ends.

The Online Platform will be open for Shareholders to log in approximately 30 minutes prior to the commencement of the AGM and can be accessed from any location with internet connection by a smartphone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures. Please refer to the Online Meeting User Guide for the AGM at http://www.pccw.com/agm2024/Generic_User_Guide_Eng.pdf for assistance.

LOGIN DETAILS FOR REGISTERED SHAREHOLDERS

Login details for accessing the Online Platform will be posted to registered Shareholders on or about 3 April 2024.

LOGIN DETAILS FOR NON-REGISTERED SHAREHOLDERS

Non-registered Shareholders whose Shares are deposited into and held via CCASS and who wish to attend, participate and vote at the AGM through the Online Platform should:

- (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their Shares are held (collectively, the “**Intermediary**”) to appoint themselves as proxy or corporate representative to attend and vote at the AGM; and
- (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

Login details for accessing the Online Platform will be sent by the Company’s share registrar, Computershare Hong Kong Investor Services Limited, to the email address of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 4pm on Wednesday, 29 May 2024 should contact the Company’s share registrar for assistance. Without the login details, non-registered Shareholders will not be able to attend, participate and vote through the Online Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

ATTENDING THE AGM THROUGH THE ONLINE PLATFORM

LOGIN DETAILS FOR PROXIES OR CORPORATE REPRESENTATIVES

Login details for accessing the Online Platform will be sent by the Company's share registrar, Computershare Hong Kong Investor Services Limited, to the email address of the proxies provided to it in the relevant forms of proxy.

Shareholders should note that only one device is allowed in respect of each set of login details. Please keep the login details in safe custody for use at the AGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

QUESTIONS AT AND PRIOR TO THE AGM

Shareholders attending the AGM through the Online Platform will be able to submit questions relevant to the proposed resolutions online during the AGM. Shareholders can also send their questions to the Company by email at AGM2024@pccw.com from 9am on Friday, 24 May 2024 to 6pm on Tuesday, 28 May 2024.

The Company may not be able to respond to all the questions, but will endeavour, where appropriate, to respond to such questions on the Company's website as soon as practicable after the AGM.

APPOINTMENT OF PROXY IN ADVANCE OF THE AGM

Registered Shareholders who wish to appoint a proxy to attend and vote at the AGM shall complete and return a form of proxy in accordance with the instructions herein. Registered Shareholders who wish their proxy to attend the AGM through the Online Platform **MUST** provide their proxy's email address in the space provided in the form of proxy. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting by means of electronic facilities at the AGM (or any adjournment thereof) should they so desire.

Submission of forms of proxy for registered Shareholders

A form of proxy for use at the AGM is enclosed with this circular. The form of proxy can also be downloaded from the Company's website at www.pccw.com/ir and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

Registered Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Investor Communications Centre, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event no later than 48 hours before the time appointed for holding the AGM (or any adjournment thereof).

Appointment of proxy for non-registered Shareholders

Non-registered Shareholders should contact their Intermediary as soon as possible for assistance in the appointment of proxy.

DEFINITIONS

In this circular and the appendices to it, the following expressions have the following meanings unless the context requires otherwise:

“Adoption Date (HKT New Share Stapled Unit Award Scheme)”	the date on which the HKT New Share Stapled Unit Award Scheme is adopted, which is expected to be the date of the HKT 2024 AGM;
“Adoption Date (HKT New Share Stapled Unit Option Scheme)”	the date on which the HKT New Share Stapled Unit Option Scheme is adopted, which is expected to be the date of the HKT 2024 AGM;
“Adoption Date (PCCW New Share Award Scheme)”	the date on which the PCCW New Share Award Scheme is adopted, which is expected to be the date of the AGM;
“Adoption Date (PCCW New Share Option Scheme)”	the date on which the PCCW New Share Option Scheme is adopted, which is expected to be the date of the AGM;
“AGM”	the annual general meeting of the Company to be held as a hybrid meeting on Thursday, 30 May 2024 at 4pm at the principal meeting place at 12th Floor, PCCW Tower, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong;
“Articles”	the articles of association of the Company;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“associated company”	has the meaning ascribed to it in the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Board” or “PCCW Board”	the board of Directors (as constituted from time to time);
“business day”	has the meaning ascribed to it in the Listing Rules;
“Cause (HKT)”	has the meaning given to it in the paragraph headed “12. VESTING CONDITIONS” in Appendix 5 to this circular;
“Cause (PCCW)”	has the meaning given to it in the paragraph headed “12. VESTING CONDITIONS” in Appendix 3 to this circular;

DEFINITIONS

“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“close associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
“Company” or “PCCW”	PCCW Limited, a company incorporated in Hong Kong with limited liability and having its Shares 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);
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules;
“core connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)” or “PCCW Director(s)”	the director(s) of the Company;
“Eligible HKT Participants”	in respect of (i) the HKT New Share Stapled Unit Award Scheme, HKT Employee Participants, HKT Related Entity Participants and HKT Service Providers and (ii) the HKT New Share Stapled Unit Option Scheme, HKT Employee Participants and HKT Service Providers;
“Eligible PCCW Participants”	in respect of (i) the PCCW New Share Award Scheme, PCCW Employee Participants, PCCW Related Entity Participants and PCCW Service Providers and (ii) the PCCW New Share Option Scheme, PCCW Employee Participants and PCCW Service Providers;

DEFINITIONS

“Excluded Person”	in respect of (i) the PCCW New Share Award Scheme, any Eligible PCCW Participant who is resident in a place where the grant of an award and/or the vesting and transfer of Shares pursuant to the terms of the PCCW New Share Award Scheme is not permitted under the laws and/or regulations of such place or where in the view of the PCCW Approving Body or the trustee (as the case may be), compliance with applicable laws and/or regulations in such place makes it necessary or expedient to exclude such Eligible PCCW Participant, and (ii) the HKT New Share Stapled Unit Award Scheme, any Eligible HKT Participant who is resident in a place where the grant of an award and/or the vesting and transfer of Share Stapled Units pursuant to the terms of the HKT New Share Stapled Unit Award Scheme is not permitted under the laws and/or regulations of such place or where in the view of the HKT Approving Body or the trustee (as the case may be), compliance with applicable laws and/or regulations in such place makes it necessary or expedient to exclude such Eligible HKT Participant;
“Grant Share Stapled Units”	has the meaning given to it in the paragraph headed “7. ACCEPTANCE OF AWARDS” in Appendix 5 to this circular;
“Grant Shares”	has the meaning given to it in the paragraph headed “7. ACCEPTANCE OF AWARDS” in Appendix 3 to this circular;
“Group” or “PCCW Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKT’s Auditors”	the HKT Trust’s and HKT’s auditors for the time being;
“HKT 2024 AGM”	the annual general meeting of Unitholders of the HKT Trust and of the HKT Shareholders to be held on a combined basis as a single meeting characterised as an annual general meeting of Holders of Share Stapled Units, which is to be held on Thursday, 30 May 2024 at 2pm, as convened by the Trustee-Manager and HKT;

DEFINITIONS

“HKT”	HKT Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong and having its Share Stapled Units, jointly issued with the HKT Trust, listed on the main board of the Stock Exchange (stock code: 6823). As at the Latest Practicable Date, the Company held approximately 52.51% of the total number of Share Stapled Units of HKT Trust and HKT in issue;
“HKT Approving Body”	the HKT Company Board, any committee or sub-committee of the HKT Company Board and/or any person delegated with the power and authority to administer all or any aspects of the HKT New Share Stapled Unit Award Scheme, provided always that there may be different HKT Approving Bodies for different aspects of the HKT New Share Stapled Unit Award Scheme;
“HKT Articles”	the second amended and restated memorandum and articles of association of HKT adopted on 13 May 2022 (as amended and restated from time to time);
“HKT Board”	collectively, the board of directors of the Trustee-Manager and the HKT Company Board;
“HKT Company Board”	the board of directors of HKT;
“HKT Director(s)”	collectively, the director(s) of the Trustee-Manager and the director(s) of HKT;
“HKT Employee Participants”	directors and employees of any HKT Group member (including persons who are granted options and/or awards under a HKT Share Scheme as an inducement to enter into employment or service contracts with a HKT Group member);
“HKT Existing Share Stapled Unit Award Schemes”	the HKT Purchase Scheme and the HKT Subscription Scheme;
“HKT Existing Share Stapled Unit Option Scheme”	the share stapled units option scheme adopted by Holders of Share Stapled Units and PCCW Shareholders at their annual general meetings held on 7 May 2021;

DEFINITIONS

“HKT Grant Letter”	has the meaning given to it in the paragraph headed “7. ACCEPTANCE OF AWARDS” in Appendix 5 to this circular;
“HKT Group”	collectively, the HKT Trust, HKT and its subsidiaries;
“HKT INED(s)”	independent non-executive HKT Director(s);
“HKT New Share Stapled Unit Award Scheme”	the new share stapled unit award scheme of HKT Trust and HKT proposed to be approved and adopted by (i) Holders of Share Stapled Units at the HKT 2024 AGM and (ii) PCCW Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix 5 to this circular;
“HKT New Share Stapled Unit Option Scheme”	the new share stapled unit option scheme of HKT Trust and HKT, based on the HKT Existing Share Stapled Unit Option Scheme with the Proposed Amendments incorporated, and proposed to be approved and adopted by (i) Holders of Share Stapled Units at the HKT 2024 AGM and (ii) PCCW Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix 6 of this circular;
“HKT Ordinary Share(s)”	ordinary share(s) with a nominal value of HK\$0.0005 each in the share capital of HKT conferring the rights set out in the HKT Articles;
“HKT Preference Share(s)”	preference share(s) with a nominal value of HK\$0.0005 each in the share capital of HKT conferring the rights set out in the HKT Articles;
“HKT Purchase Scheme”	the share stapled units award scheme adopted by HKT on 11 October 2011, the extension of the duration of which for a further term of 10 years commencing from 11 October 2021 was approved by the HKT Company Board on 5 August 2021, which is funded by existing Share Stapled Units;
“HKT Related Entities”	holding companies, fellow subsidiaries or associated companies of HKT Trust and HKT;
“HKT Related Entity Participants”	directors and employees of any HKT Related Entity;

DEFINITIONS

“HKT Remuneration Committee”	the remuneration committee of the HKT Company Board;
“HKT Scheme Mandate Limit”	has the meaning given to it in the paragraph headed “5. MAXIMUM NUMBER OF SHARE STAPLED UNITS” of Appendix 5 to this circular;
“HKT Service Providers”	persons who provide services to HKT Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of HKT Group or which will contribute significantly to the growth of HKT Group’s financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged to provide services in relation to research and development, marketing, innovation upgrading, strategic/commercial planning on corporate image, investor relations and core administrative functions, <i>excluding</i> placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity;
“HKT Share Scheme”	has the meaning given to it in the paragraph headed “5. MAXIMUM NUMBER OF SHARE STAPLED UNITS” of Appendix 5 to this circular;
“HKT Shareholders”	persons registered at the relevant time in the principal register of members of HKT maintained in the Cayman Islands or the Hong Kong branch register of members of HKT as the holders of HKT Ordinary Shares and/or HKT Preference Shares;
“HKT Subscription Scheme”	the share stapled units award scheme adopted by HKT on 11 October 2011, the extension of the duration of which for a further term of 10 years commencing from 11 October 2021 was approved by the HKT Company Board on 5 August 2021, which is funded by new Share Stapled Units;

DEFINITIONS

“HKT Trust”	a trust constituted on 7 November 2011 under the laws of Hong Kong and managed by the Trustee-Manager and having its Share Stapled Units, jointly issued with HKT, listed on the main board of the Stock Exchange (stock code: 6823);
“Holders of Share Stapled Units”	persons registered at the relevant time in the Share Stapled Units Register as holders of Share Stapled Units, including persons so registered as joint holders of Share Stapled Units;
“holding company”	has the meaning ascribed to it in the Listing Rules;
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“INED(s)” or “PCCW INED(s)”	independent non-executive Director(s);
“inside information”	has the meaning ascribed to it in the Listing Rules;
“Latest Practicable Date”	25 March 2024, being the latest practicable date for ascertaining certain information for inclusion in this circular;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Notice”	the notice of the AGM as set out in this circular;
“PCCW’s Auditors”	the Company’s auditors for the time being;
“PCCW Approving Body”	the PCCW Board, any committee or sub-committee of the PCCW Board and/or any person delegated with the power and authority to administer all or any aspects of the PCCW New Share Award Scheme, provided always that there may be different PCCW Approving Bodies for different aspects of the PCCW New Share Award Scheme;

DEFINITIONS

“PCCW Employee Participants”	directors and employees of any PCCW Group member (including persons who are granted options and/or awards under a PCCW Share Scheme as an inducement to enter into employment or service contracts with a PCCW Group member);
“PCCW Existing Share Award Schemes”	the PCCW Purchase Scheme and the PCCW Subscription Scheme;
“PCCW Existing Share Option Scheme”	the share option scheme adopted by the Company on 8 May 2014;
“PCCW Grant Letter”	has the meaning given to it in the paragraph headed “7. ACCEPTANCE OF AWARDS” in Appendix 3 to this circular;
“PCCW New Share Award Scheme”	the new share award scheme of the Company proposed to be approved and adopted by the PCCW Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix 3 to this circular;
“PCCW New Share Option Scheme”	the new share option scheme of the Company proposed to be approved and adopted by the PCCW Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix 4 to this circular;
“PCCW New Share Schemes”	the PCCW New Share Award Scheme and the PCCW New Share Option Scheme;
“PCCW Purchase Scheme”	the share award scheme adopted by the Company on 15 November 2012, the extension of the duration of which for a further period of 10 years commencing from 15 November 2022 was approved by the Company on 12 August 2022, which is funded by existing Shares;
“PCCW Related Entities”	holding companies, fellow subsidiaries or associated companies of the Company;
“PCCW Related Entity Participants”	directors and employees of any PCCW Related Entity;
“PCCW Remuneration Committee”	the remuneration committee of the PCCW Board;

DEFINITIONS

“PCCW Scheme Mandate Limit”	has the meaning given to it in the paragraph headed “5. MAXIMUM NUMBER OF SHARES” of Appendix 3 to this circular;
“PCCW Service Providers”	persons who provide services to PCCW Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of PCCW Group or which will contribute significantly to the growth of PCCW Group’s financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged to provide services in relation to research and development, marketing, innovation upgrading, strategic/commercial planning on corporate image, investor relations and core administrative functions, <i>excluding</i> placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity;
“PCCW Share Scheme”	has the meaning given to it in the paragraph headed “5. MAXIMUM NUMBER OF SHARES” of Appendix 3 to this circular;
“PCCW Subscription Scheme”	the share award scheme adopted by the Company on 15 November 2012, the extension of the duration of which for a further period of 10 years commencing from 15 November 2022 was approved by the Company on 12 August 2022, which is funded by new Shares;
“principal subsidiary”	has the meaning ascribed to it in Rule 17.14 of the Listing Rules;
“Proposed Amendments”	amendments to the HKT Existing Share Stapled Unit Option Scheme proposed to be incorporated in the HKT New Share Stapled Unit Option Scheme, a summary of which is set out in the paragraph headed “TERMINATION OF HKT EXISTING SHARE STAPLED UNIT OPTION SCHEME AND ADOPTION OF HKT NEW SHARE STAPLED UNIT OPTION SCHEME – HKT New Share Stapled Unit Option Scheme” in the “Letter from the Board” of this circular;

DEFINITIONS

“Scheme Limit (HKT New Share Stapled Unit Award Scheme)”	has the meaning given to it in the paragraph headed “ADOPTION OF HKT NEW SHARE STAPLED UNIT AWARD SCHEME – HKT New Share Stapled Unit Award Scheme – Scheme Limit (HKT New Share Stapled Unit Award Scheme) and Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme)” in the “Letter from the Board” of this circular;
“Scheme Limit (HKT New Share Stapled Unit Option Scheme)”	has the meaning given to it in the paragraph headed “TERMINATION OF HKT EXISTING SHARE STAPLED UNIT OPTION SCHEME AND ADOPTION OF HKT NEW SHARE STAPLED UNIT OPTION SCHEME – HKT New Share Stapled Unit Option Scheme” in the “Letter from the Board” of this circular;
“Scheme Limit (PCCW New Share Award Scheme)”	has the meaning given to it in the paragraph headed “ADOPTION OF PCCW NEW SHARE SCHEMES – PCCW New Share Award Scheme – Scheme Limit (PCCW New Share Award Scheme) and Service Provider Sublimit (PCCW New Share Award Scheme)” in the “Letter from the Board” of this circular;
“Scheme Limit (PCCW New Share Option Scheme)”	has the meaning given to it in the paragraph headed “ADOPTION OF PCCW NEW SHARE SCHEMES – PCCW New Share Option Scheme – Scheme Limit (PCCW New Share Option Scheme) and Service Provider Sublimit (PCCW New Share Option Scheme)” in the “Letter from the Board” of this circular;
“Selected HKT Participant(s)”	any Eligible HKT Participant(s) selected by the HKT Approving Body for participation in the HKT New Share Stapled Unit Award Scheme;
“Selected PCCW Participant(s)”	any Eligible PCCW Participant(s) selected by the PCCW Approving Body for participation in the PCCW New Share Award Scheme;
“Service Provide Sublimit (HKT New Share Stapled Unit Award Scheme)”	has the meaning given to it in the paragraph headed “ADOPTION OF HKT NEW SHARE STAPLED UNIT AWARD SCHEME – HKT New Share Stapled Unit Award Scheme – Scheme Limit (HKT New Share Stapled Unit Award Scheme) and Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme)” in the “Letter from the Board” of this circular;

DEFINITIONS

“Service Provider Sublimit (HKT New Share Stapled Unit Option Scheme)”	has the meaning given to it in the paragraph headed “TERMINATION OF HKT EXISTING SHARE STAPLED UNIT OPTION SCHEME AND ADOPTION OF HKT NEW SHARE STAPLED UNIT OPTION SCHEME – HKT New Share Stapled Unit Option Scheme” in the “Letter from the Board” of this circular;
“Service Provider Sublimit (PCCW New Share Award Scheme)”	has the meaning given to it in the paragraph headed “ADOPTION OF PCCW NEW SHARE SCHEMES – PCCW New Share Award Scheme – Scheme Limit (PCCW New Share Award Scheme) and Service Provider Sublimit (PCCW New Share Award Scheme)” in the “Letter from the Board” of this circular;
“Service Provider Sublimit (PCCW New Share Option Scheme)”	has the meaning given to it in the paragraph headed “ADOPTION OF PCCW NEW SHARE SCHEMES – PCCW New Share Option Scheme – Scheme Limit (PCCW New Share Option Scheme) and Service Provider Sublimit (PCCW New Share Option Scheme)” in the “Letter from the Board” of this circular;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
“Share(s)”	share(s) in the capital of the Company;
“Share Stapled Unit(s)”	<p>the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:</p> <ul style="list-style-type: none">(a) a Unit in the HKT Trust;(b) the beneficial interest in a specifically identified HKT Ordinary Share Linked (as defined in the Trust Deed) to the Unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the HKT Trust; and(c) a specifically identified HKT Preference Share Stapled (as defined in the Trust Deed) to the Unit;
“Share Stapled Units Register”	the register of Holders of Share Stapled Units;

DEFINITIONS

“Shareholder(s)” or “PCCW Shareholders”	holder(s) of Shares, from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it in the Listing Rules;
“Substantial Holder of Share Stapled Units”	any Holder of Share Stapled Units with an interest in Share Stapled Units constituting not less than 10% of all Share Stapled Units in issue;
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules;
“Takeovers Code”	the Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time;
“Trust Deed”	the trust deed dated 7 November 2011 constituting the HKT Trust entered into between the Trustee-Manager and HKT (as amended, supplemented, substituted or otherwise modified from time to time);
“Trustee-Manager”	HKT Management Limited (a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company), in its capacity as the trustee-manager of the HKT Trust;
“Unit”	an undivided interest in the HKT Trust, which confers the rights set out in the Trust Deed as being conferred by a Unit (whether in its own right or as a component of a Share Stapled Unit);
“Unitholders”	persons registered at the relevant time in the register of registered holders of Units as holders of Units and include, for the avoidance of doubt, persons holding Units as components of Share Stapled Units and registered in the Share Stapled Units Register as holders of the Share Stapled Units which include the Units; and
“%”	per cent.

References to time and dates in this circular are to Hong Kong time and dates.

LETTER FROM THE BOARD



PCCW Limited
電訊盈科有限公司

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

Executive Directors

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

Registered Office

41st Floor, PCCW Tower
Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong

Non-Executive Directors

Tse Sze Wing, Edmund, GBS
Tang Yongbo (*Deputy Chairman*)
Meng Shusen
Wang Fang
Wei Zhe, David

Independent Non-Executive Directors

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

3 April 2024

To the Shareholders

Dear Sir or Madam

- PROPOSALS FOR**
- (1) RE-ELECTION OF DIRECTORS**
 - (2) GENERAL MANDATES TO ISSUE AND BUY BACK SHARES**
 - (3) ADOPTION OF PCCW NEW SHARE SCHEMES**
 - (4) ADOPTION OF HKT NEW SHARE STAPLED UNIT AWARD SCHEME**
- AND**
- (5) TERMINATION OF HKT EXISTING SHARE STAPLED UNIT
OPTION SCHEME AND ADOPTION OF
HKT NEW SHARE STAPLED UNIT OPTION SCHEME**

NOTICE OF ANNUAL GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

At the AGM, the Notice of which is set out in this circular, resolutions will be proposed to (1) re-elect Directors; (2) grant the Directors the general mandates to issue and buy back Shares; (3) adopt the PCCW New Share Schemes; (4) adopt the HKT New Share Stapled Unit Award Scheme; and (5) terminate the HKT Existing Share Stapled Unit Option Scheme and adopt the HKT New Share Stapled Unit Option Scheme.

RE-ELECTION OF DIRECTORS

In accordance with Article 91 of the Articles, Mr Tang Yongbo, who was appointed with effect from 3 August 2023, shall retire from office at the AGM and, being eligible, offer himself for re-election.

In accordance with Article 101 of the Articles, Mr Li Tzar Kai, Richard, Mr Tse Sze Wing, Edmund, Ms Frances Waikwun Wong and Mr Bryce Wayne Lee shall retire from office by rotation at the AGM and, being eligible, offer themselves for re-election.

The Nomination Committee of the Company, chaired by an INED and comprising a majority of INEDs in compliance with the requirements of the Listing Rules, has reviewed and assessed the confirmation of independence of each of the INEDs and is of the view that all of them are independent having regard to the independence criteria as set out in Rule 3.13 of the Listing Rules.

The Nomination Committee has also considered the nomination of Mr Li Tzar Kai, Richard, Mr Tse Sze Wing, Edmund, Mr Tang Yongbo, Ms Frances Waikwun Wong and Mr Bryce Wayne Lee for re-election at the AGM in accordance with the Company's Nomination Policy and took into account the Board's composition, its size as well as various diversity aspects (including, but not limited to, their respective perspectives, skills, knowledge and experience) as set out in the Board Diversity Policy, and recommended them to stand for re-election at the AGM.

Ms Frances Waikwun Wong, a retiring INED, has unique expertise in finance, governance, as well as people and culture, and contributes to the diversity of the Board.

Mr Bryce Wayne Lee, a retiring INED, has tremendous expertise in the TMT (technology, media and telecommunications) and global technology investment markets, which puts him in a strong position to providing invaluable insight to the Group's international businesses management and investments.

Notwithstanding that Ms Frances Waikwun Wong and Mr Bryce Wayne Lee have served on the Board for more than nine years, each of them continues to demonstrate his/her ability to exercise independence of judgement and provide a balanced and objective view in relation to the Company's affairs, as well as contribute to the Board with their in-depth knowledge and understanding of the Group's operations and businesses gained throughout the years, diversity of skills set and perspectives as well as devotion to the Group.

LETTER FROM THE BOARD

After taking into account all the factors for assessing independence as set out in Rule 3.13 of the Listing Rules and considering their respective confirmation of independence to the Company, and the relevant assessment by the Nomination Committee, the Board is of the view that each of Ms Frances Waikwun Wong and Mr Bryce Wayne Lee maintains his/her independence notwithstanding the length of his/her service and believes that his/her qualifications, skills, knowledge and experience will assist him/her to continue to provide valuable contributions to the Board, the Company and the Shareholders as a whole. Since Ms Frances Waikwun Wong and Mr Bryce Wayne Lee will have served on the Board for more than nine years as of the date of the AGM, separate resolutions will be proposed for their respective re-election at the AGM.

Based upon the review undertaken, the Nomination Committee was satisfied that Ms Frances Waikwun Wong and Mr Bryce Wayne Lee are able to commit sufficient time to their roles and continue to act in independent capacity and contribute to the diversity on the Board with their unique combination of experience and knowledge as further described in their biographies set out in Appendix 1 to this circular.

The Board, having considered the recommendation of the Nomination Committee, accepted the nomination by the Nomination Committee, and believes that the invaluable knowledge and experience of all the above retiring Directors in the businesses of the Group continue to be of significant benefit to the Company. Accordingly, the Board recommended all of them to stand for re-election at the AGM.

Biographical information of the retiring Directors who are proposed to be re-elected at the AGM is set out in Appendix 1 to this circular. The re-election of these retiring Directors will be individually voted on by the Shareholders.

GENERAL MANDATES TO ISSUE AND BUY BACK SHARES

Ordinary resolutions will be proposed at the AGM relating to the following general mandates:

- (i) authorising the Directors to allot, issue and otherwise deal with additional Shares (and securities convertible into Shares and rights to subscribe for Shares) not exceeding 20% of the aggregate number of Shares in issue as at the date of passing the resolution;
- (ii) authorising the Directors to buy back Shares not exceeding 10% of the aggregate number of Shares in issue as at the date of passing the resolution; and
- (iii) authorising the addition to the mandate to issue new Shares (referred to in (i) above) of those Shares bought back by the Company pursuant to the buy-back mandate (referred to in (ii) above).

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 7,739,638,249 Shares in issue. On the assumption that there is no variation to the issued Shares during the period from the Latest Practicable Date to the date of passing of the resolution approving the mandate to issue new Shares (referred to in (i) above), the maximum number of Shares which may be issued pursuant to the mandate would be 1,547,927,649, not taking into account any additional new Shares which may be issued pursuant to the mandate referred to in (iii) above. On the assumption that there is no variation to the issued Shares during the period from the Latest Practicable Date to the date of passing of the resolution approving the mandate to buy back Shares (referred to in (ii) above), the maximum number of Shares which may be bought back by the Company pursuant to the mandate would be 773,963,824. Such number of Shares referred to above shall, in each case, where applicable, be adjusted in the event that the Shares in issue as at the date of passing the resolutions are, at any time thereafter, converted into a larger or smaller number of Shares.

As at the Latest Practicable Date, there is no plan for (a) any buy-back of Shares pursuant to the mandate referred to in (ii) above, nor (b) any issue of Shares pursuant to the mandate referred to in (i) above.

In accordance with the requirements of the Listing Rules, and in particular the rules regulating the buy-back of securities on the Stock Exchange, the Company is required to send to Shareholders an explanatory statement containing information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the buy-back by the Company of its Shares. This explanatory statement is set out in Appendix 2 to this circular.

ADOPTION OF PCCW NEW SHARE SCHEMES

PCCW Existing Share Award Schemes

The PCCW Existing Share Award Schemes were adopted by the Company before the amendments to Chapter 17 of the Listing Rules came into effect on 1 January 2023. In light of and to comply with such amendments, the Company proposes to adopt the PCCW New Share Award Scheme to replace the PCCW Existing Share Award Schemes.

As at the Latest Practicable Date, there were 8,529,356 and 6,141,746 outstanding awards under the PCCW Purchase Scheme and the PCCW Subscription Scheme, respectively. The PCCW Existing Share Award Schemes will remain valid and effective until all outstanding awards granted thereunder have vested, lapsed or been cancelled in accordance with the terms of the corresponding scheme. No further awards will, however, be granted under the PCCW Existing Share Award Schemes after the AGM.

LETTER FROM THE BOARD

PCCW New Share Award Scheme

The PCCW Board proposes to adopt the PCCW New Share Award Scheme which will be valid for a period of 10 years commencing from the Adoption Date (PCCW New Share Award Scheme), subject to early termination by the PCCW Board.

Purpose of the PCCW New Share Award Scheme

The purpose of the PCCW New Share Award Scheme is to:

- (i) recognise the contributions by certain Selected PCCW Participants with an opportunity to acquire a proprietary interest in the Company;
- (ii) give incentives to such individuals in order to encourage and retain them for the continual operation and development of PCCW Group;
- (iii) provide additional incentives for such individuals to achieve performance goals;
- (iv) attract suitable personnel for further development of PCCW Group; and
- (v) motivate the Selected PCCW Participants to maximise the value of the Company for the benefit of both the Selected PCCW Participants and the Company,

with a view to achieving the objectives of increasing the value of PCCW Group and aligning the interests of the Selected PCCW Participants directly with those of PCCW Shareholders through ownership of Shares.

Scope of eligible participants

Eligible participants of the PCCW New Share Award Scheme comprise PCCW Employee Participants, PCCW Related Entity Participants and PCCW Service Providers.

In determining the eligibility of participants, the PCCW Approving Body will take into consideration matters including:

- (i) the present contribution and expected contribution of the participant to PCCW Group's profits;
- (ii) PCCW Group's general financial condition;
- (iii) PCCW Group's overall business objectives and future development plan; and
- (iv) the participant's individual performance, time commitment to PCCW Group, job responsibilities and function, and existing remuneration package.

LETTER FROM THE BOARD

In assessing the eligibility of PCCW Service Providers, the PCCW Approving Body will take into consideration the following additional criteria: (i) the expertise, qualifications and industry experience of the PCCW Service Provider; (ii) the length of relationship between the PCCW Service Provider and PCCW Group; and (iii) the track record of the PCCW Service Provider in delivering quality services.

Historically, the Company had awarded grants to select PCCW Related Entity Participants and PCCW Service Providers under the PCCW Existing Share Award Schemes based on the aforesaid selection criteria, which have shown to incentivise them to contribute to the development and performance of PCCW Group and to reward them for doing so. PCCW Group maintains collaborative relationships with PCCW Related Entities and their personnel who have extensive industry experience relevant to PCCW Group's business and offer support to PCCW Group on its projects and/or business strategies. PCCW Group also regularly engages the services of contractors, consultants, agents, advisers and suppliers who have substantial expertise and experience in their respective fields that are relevant to the ordinary course of business of PCCW Group. These PCCW Service Providers provide support to PCCW Group's daily operations spanning across investment and strategic planning, business administration and legal and secretarial functions, and their services impact on PCCW Group's results of operations. The Company is of the view that its track record is attributable, in part, to the high and consistent calibre of services provided by PCCW Related Entity Participants and PCCW Service Providers.

The Company believes that PCCW Related Entity Participants and PCCW Service Providers are a valuable resource and that it is important to reward their contribution to the performance of and to reinforce their commitment to PCCW Group. The PCCW Board takes the view that extending share incentives to such persons would be in the Company's interest, as a means of incentivising them to help drive the continued success of PCCW Group.

Based on the above, the PCCW Directors (including the PCCW INEDs) are of the view that (i) inclusion of PCCW Related Entity Participants and PCCW Service Providers as eligible participants under the PCCW New Share Award Scheme is in line with PCCW Group's business needs, the purpose of the PCCW New Share Award Scheme and the long-term interests of the Company and the PCCW Shareholders as a whole, and (ii) the selection criteria for determining the eligibility of PCCW Related Entity Participants and PCCW Service Providers align with the purpose of the PCCW New Share Award Scheme.

Scheme Limit (PCCW New Share Award Scheme) and Service Provider Sublimit (PCCW New Share Award Scheme)

The total number of new Shares which may be awarded under the PCCW New Share Award Scheme shall be no more than 10% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Award Scheme), subject to the PCCW Scheme Mandate Limit (the "**Scheme Limit (PCCW New Share Award Scheme)**").

LETTER FROM THE BOARD

Within the Scheme Limit (PCCW New Share Award Scheme), the total number of new Shares which may be awarded to PCCW Service Providers shall be no more than 0.5% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Award Scheme) (“**Service Provider Sublimit (PCCW New Share Award Scheme)**”).

As at the Latest Practicable Date, there were 7,739,638,249 Shares in issue. Assuming there is no change to the number of issued Shares between the Latest Practicable Date and the Adoption Date (PCCW New Share Award Scheme), the Scheme Limit (PCCW New Share Award Scheme) will be 773,963,824 Shares and the Service Provider Sublimit (PCCW New Share Award Scheme) will be 38,698,191 Shares, in each case subject to the PCCW Scheme Mandate Limit.

The Service Provider Sublimit (PCCW New Share Award Scheme) has been determined with reference to (i) the potential dilution effect arising from awards made to PCCW Service Providers; (ii) a balance between achieving the purpose of the PCCW New Share Award Scheme and protecting PCCW Shareholders from the said dilution effect; (iii) the extent of usage of services provided (and to be provided) by PCCW Service Providers to PCCW Group; (iv) the expected contribution of PCCW Service Providers to PCCW Group’s future development; (v) historical grants of awards to PCCW Service Providers; and (vi) current settlement arrangements with PCCW Service Providers. The PCCW Board considers that the Service Provider Sublimit (PCCW New Share Award Scheme) is appropriate and reasonable in the circumstances, and allows PCCW Group to reward appropriate persons who deliver services with equity incentives (in lieu of cash).

There is no limit on the number of existing Shares which may be awarded to Selected PCCW Participants under the PCCW New Share Award Scheme.

Vesting period

A minimum vesting period of 12 months applies to all awards that are made under the PCCW New Share Award Scheme save that in specified circumstances, the PCCW Approving Body may apply a shorter vesting period for awards to PCCW Employee Participants. See the paragraph headed “9. VESTING SCHEDULE” in Appendix 3 to this circular for details.

In the interest of practicality and to fully achieve the purpose of the PCCW New Share Award Scheme, the PCCW Board and the PCCW Remuneration Committee are of the view that (i) there are certain instances where a strict 12-month vesting requirement would be impractical or be unfair to the Selected PCCW Participant; (ii) flexibility should be reserved to the Company so that it can offer a competitive remuneration package to attract talent or permit accelerated vesting of awards that are made to exceptional performers; and (iii) the Company should be free to formulate its own retention strategies in response to changing market conditions, including the ability to impose performance- in lieu of time-based vesting conditions. Accordingly, the PCCW Board and the PCCW Remuneration Committee consider that it would be appropriate and in line with the purpose of the PCCW New Share Award Scheme to apply a shorter vesting period in the circumstances stipulated under the paragraph headed “9. VESTING SCHEDULE” in Appendix 3 to this circular.

LETTER FROM THE BOARD

Performance targets

Vesting of awards may be subject to performance targets being met, as determined by the PCCW Approving Body. Performance targets may comprise a combination of key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores) to be attained, and may vary among Selected PCCW Participants having regard to their role, length of employment or service, duties and responsibilities and the time of the grant.

The rules of the PCCW New Share Award Scheme do not prescribe any specific performance target(s) that must be met before the vesting of an award. If the PCCW Approving Body were to apply performance target(s) to an award, it may make reference to factors such as (i) results and performance of PCCW Group; (ii) for a PCCW Employee Participant, the key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores) of the individual or the department and/or business unit to which he belongs and for other Eligible PCCW Participants, their contribution to the financial and operating results of PCCW Group; and (iii) individual position or annual appraisal results of and other factors relevant to the Selected PCCW Participant.

The PCCW Board and the PCCW Remuneration Committee are of the view that flexibility around performance targets should be reserved to the PCCW Approving Body on each grant occasion, as each individual Selected PCCW Participant will be assessed against different parameters, which aligns with the purpose of the PCCW New Share Award Scheme. For the avoidance of doubt, performance targets will not apply to award(s) which may be made to PCCW INEDs.

Voting rights of the trustee of the PCCW New Share Award Scheme

A trustee will be appointed to administer the PCCW New Share Award Scheme. The trustee must abstain from voting unvested Shares on matters that require PCCW Shareholders' approval under the Listing Rules unless otherwise required by law to vote, in accordance with the beneficial owner's direction where such a direction is given.

Conditions to the PCCW New Share Award Scheme

Adoption of the PCCW New Share Award Scheme is conditional upon:

- (i) the passing of resolution no. 8(a) through (c) as set out in the Notice, by PCCW Shareholders at the AGM; and
- (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, Share(s) which may be issued in respect of awards that are made under the PCCW New Share Award Scheme.

LETTER FROM THE BOARD

Other information

No purchase price is payable by Selected PCCW Participants upon acceptance or vesting of awards to be made under the PCCW New Share Award Scheme. There is no clawback mechanism to recover or withhold awards that have been made to Selected PCCW Participants.

The trustee who will be engaged to administer the PCCW New Share Award Scheme, subject to the adoption of the scheme, will be independent of the Company and its connected persons. None of the PCCW Directors will be, or have an interest in, the trustee of the PCCW New Share Award Scheme.

A summary of the principal terms of the PCCW New Share Award Scheme is set out in Appendix 3 to this circular. A copy of the PCCW New Share Award Scheme document will be made available for inspection at the AGM and published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.pccw.com/ir for a period of not less than 14 days before the date of the AGM.

Application will be made to the Listing Committee for the approval of the listing of, and permission to deal in, Share(s) which may be issued in respect of awards that are made under the PCCW New Share Award Scheme.

As at the Latest Practicable Date, no Shareholder had a material interest in the proposed adoption of the PCCW New Share Award Scheme. Accordingly, no Shareholder is required to abstain from voting on resolution no. 8(a) through (c).

PCCW Existing Share Option Scheme

The PCCW Existing Share Option Scheme was adopted by the Company on 8 May 2014 for a term of 10 years, prior to the amendments to Chapter 17 of the Listing Rules coming into effect on 1 January 2023. In light of its expiration on 7 May 2024 and to comply with the said amendments, the Company proposes to adopt the PCCW New Share Option Scheme.

As at the Latest Practicable Date, there were no outstanding options under the PCCW Existing Share Option Scheme. Since its adoption, no options had been granted under the PCCW Existing Share Option Scheme and no options will be granted thereunder prior to the expiration of the scheme.

PCCW New Share Option Scheme

The PCCW Board proposes to adopt the PCCW New Share Option Scheme, which will be valid for a period of 10 years commencing from the Adoption Date (PCCW New Share Option Scheme), subject to early termination by the PCCW Board or the Company in general meeting.

LETTER FROM THE BOARD

Purpose of the PCCW New Share Option Scheme

The purpose of the PCCW New Share Option Scheme is to provide Eligible PCCW Participants with the opportunity to acquire proprietary interests in the Company and to encourage Eligible PCCW Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the PCCW Shareholders as a whole.

Scope of eligible participants

Eligible participants of the PCCW New Share Option Scheme comprise PCCW Employee Participants and PCCW Service Providers.

In determining the eligibility of participants, the PCCW Board will take into consideration matters including:

- (i) the present contribution and expected contribution of the participant to PCCW Group's profits;
- (ii) PCCW Group's general financial condition;
- (iii) PCCW Group's overall business objectives and future development plan; and
- (iv) the participant's individual performance, time commitment to PCCW Group, job responsibilities and function, and existing remuneration package.

In assessing the eligibility of PCCW Service Providers, the PCCW Board will take into consideration the following additional criteria: (i) the expertise, qualifications and industry experience of the PCCW Service Provider; (ii) the length of relationship between the PCCW Service Provider and PCCW Group; and (iii) the track record of the PCCW Service Provider in delivering quality services.

PCCW Group regularly engages the services of contractors, consultants, agents, advisers and suppliers who have substantial expertise and experience in their respective fields that are relevant to the ordinary course of business of PCCW Group. These PCCW Service Providers provide support to PCCW Group's daily operations spanning across investment and strategic planning, business administration and legal and secretarial functions, and their services impact on PCCW Group's results of operations. The Company is of the view that its track record is attributable, in part, to the high and consistent calibre of services provided by PCCW Service Providers.

LETTER FROM THE BOARD

The Company believes that PCCW Service Providers are a valuable resource and that it is important to reward their contribution to the performance of and to reinforce their commitment to PCCW Group. Therefore, they are included as Eligible PCCW Participants under the PCCW New Share Option Scheme to incentivise them to contribute to the development and performance of PCCW Group and to reward them for doing so. The PCCW Board takes the view that extending share incentives to such persons would be in the Company's interest, as a means of incentivising them to help drive the continued success of PCCW Group.

Based on the above, the PCCW Directors (including the PCCW INEDs) are of the view that (i) inclusion of PCCW Service Providers as eligible participants under the PCCW New Share Option Scheme is in line with PCCW Group's business needs, the purpose of the PCCW New Share Option Scheme and the long-term interests of the Company and the PCCW Shareholders as a whole; and (ii) the selection criteria for determining the eligibility of PCCW Service Providers align with the purpose of the PCCW New Share Option Scheme.

Scheme Limit (PCCW New Share Option Scheme) and Service Provider Sublimit (PCCW New Share Option Scheme)

The total number of new Shares which may be issued pursuant to the exercise of options granted under the PCCW New Share Option Scheme must not exceed 10% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Option Scheme), subject to the PCCW Scheme Mandate Limit (the "**Scheme Limit (PCCW New Share Option Scheme)**").

Within the Scheme Limit (PCCW New Share Option Scheme), the total number of new Shares which may be issued pursuant to the exercise of options granted to PCCW Service Providers shall be no more than 0.5% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Option Scheme) ("**Service Provider Sublimit (PCCW New Share Option Scheme)**").

As at the Latest Practicable Date, there were 7,739,638,249 Shares in issue. Assuming there is no change to the number of issued Shares between the Latest Practicable Date and the Adoption Date (PCCW New Share Option Scheme), the Scheme Limit (PCCW New Share Option Scheme) will be 773,963,824 Shares and the Service Provider Sublimit (PCCW New Share Option Scheme) will be 38,698,191 Shares, in each case subject to the PCCW Scheme Mandate Limit.

LETTER FROM THE BOARD

The Service Provider Sublimit (PCCW New Share Option Scheme) has been determined with reference to (i) the potential dilution effect arising from options to be granted to PCCW Service Providers; (ii) ensuring a balance between achieving the purpose of the PCCW New Share Option Scheme and protecting PCCW Shareholders from the said dilution effect; (iii) the extent of usage of services provided (and to be provided) by PCCW Service Providers to PCCW Group; (iv) the expected contribution of PCCW Service Providers to PCCW Group's future development; and (v) current settlement arrangements with PCCW Service Providers. The PCCW Board considers that the Service Provider Sublimit (PCCW New Share Option Scheme) is appropriate and reasonable in the circumstances, and allows PCCW Group to reward appropriate persons who deliver services with equity incentives (in lieu of cash).

Vesting period

A minimum vesting period of 12 months applies to all options that are granted under the PCCW New Share Option Scheme.

Conditions to the PCCW New Share Option Scheme

Adoption of the PCCW New Share Option Scheme is conditional upon:

- (i) the passing of resolution no. 9(a) through (c) as set out in the Notice, by PCCW Shareholders at the AGM; and
- (ii) the Listing Committee granting the approval for the listing of, and permission to deal in, Share(s) which may be issued pursuant to the exercise of options that are granted under the PCCW New Share Option Scheme.

Value of options

The PCCW Board does not consider it appropriate to state the value of all the options that can be granted pursuant to the PCCW New Share Option Scheme, as if they had been granted on the Latest Practicable Date. It believes that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the PCCW Shareholders, as there are a number of variables (e.g., subscription price, exercise period, lockup period etc.) crucial to the calculation of the option value which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions.

LETTER FROM THE BOARD

Other information

No purchase price is payable by Eligible PCCW Participants upon acceptance of options to be granted under the PCCW New Share Option Scheme. There is no clawback mechanism to recover or withhold options that have been granted to Eligible PCCW Participants. The rules of the PCCW New Share Option Scheme do not prescribe any specific performance target(s) that must be met before an option can be exercised. If the PCCW Board were to apply performance target(s) to a grant of options, it may make reference to factors such as (i) results and performance of PCCW Group; (ii) for a PCCW Employee Participant, the key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores) of the individual or the department and/or business unit to which he belongs and for PCCW Service Providers, their contribution to the financial and operating results of PCCW Group; and (iii) individual position or annual appraisal results of and other factors relevant to the Eligible PCCW Participant.

A summary of the principal terms of the PCCW New Share Option Scheme is set out in Appendix 4 to this circular. A copy of the PCCW New Share Option Scheme document will be made available for inspection at the AGM and published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.pccw.com/ir for a period of not less than 14 days before the date of the AGM.

Application will be made to the Listing Committee for the approval of the listing of, and permission to deal in, Share(s) which may be issued pursuant to the exercise of options that are granted under the PCCW New Share Option Scheme.

As at the Latest Practicable Date, no Shareholder had a material interest in the proposed adoption of the PCCW New Share Option Scheme. Accordingly, no Shareholder is required to abstain from voting on resolution no. 9(a) through (c).

Save for the PCCW Existing Share Award Schemes and the PCCW Existing Share Option Scheme, the Company has no other share schemes.

ADOPTION OF HKT NEW SHARE STAPLED UNIT AWARD SCHEME

HKT Existing Share Stapled Unit Award Schemes

The HKT Existing Share Stapled Unit Award Schemes were adopted by HKT before the amendments to Chapter 17 of the Listing Rules came into effect on 1 January 2023. In light of and to comply with such amendments, the HKT Trust and HKT propose to adopt the HKT New Share Stapled Unit Award Scheme to replace the HKT Existing Share Stapled Unit Award Schemes.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 649,302 and 1,520,091 outstanding awards under the HKT Purchase Scheme and the HKT Subscription Scheme, respectively. The HKT Existing Share Stapled Unit Award Schemes will remain valid and effective until all outstanding awards granted thereunder have vested, lapsed or been cancelled in accordance with the terms of the corresponding scheme. No further awards will, however, be granted under the HKT Existing Share Stapled Unit Award Schemes after the HKT 2024 AGM.

HKT New Share Stapled Unit Award Scheme

The HKT Board proposes to adopt the HKT New Share Stapled Unit Award Scheme which will be valid for a period of 10 years commencing from the Adoption Date (HKT New Share Stapled Unit Award Scheme), subject to early termination by the HKT Board.

HKT is a principal subsidiary of the Company. As such, Rules 17.02 through 17.09 (other than Rule 17.05) of the Listing Rules apply (with modifications) to the HKT New Share Stapled Unit Award Scheme as if it were a scheme of the Company, pursuant to Rule 17.13 of the Listing Rules.

Purpose of the HKT New Share Stapled Unit Award Scheme

The purpose of the HKT New Share Stapled Unit Award Scheme is to:

- (i) recognise the contributions by certain Selected HKT Participants with an opportunity to acquire a proprietary interest in the HKT Trust and HKT;
- (ii) give incentives to such individuals in order to encourage and retain them for the continual operation and development of HKT Group;
- (iii) provide additional incentives for such individuals to achieve performance goals;
- (iv) attract suitable personnel for further development of HKT Group; and
- (v) motivate the Selected HKT Participants to maximise the value of the HKT Trust and HKT for the benefit of the Selected HKT Participants, the HKT Trust and HKT,

with a view to achieving the objectives of increasing the value of HKT Group and aligning the interests of the Selected HKT Participants directly with those of Holders of Share Stapled Units through ownership of Share Stapled Units.

Scope of eligible participants

Eligible participants of the HKT New Share Stapled Unit Award Scheme comprise HKT Employee Participants, HKT Related Entity Participants and HKT Service Providers.

In determining the eligibility of participants, the HKT Approving Body will take into consideration matters including:

- (i) the present contribution and expected contribution of the participant to HKT Group's profits;
- (ii) HKT Group's general financial condition;

LETTER FROM THE BOARD

- (iii) HKT Group's overall business objectives and future development plan; and
- (iv) the participant's individual performance, time commitment to HKT Group, job responsibilities and function, and existing remuneration package.

In assessing the eligibility of HKT Service Providers, the HKT Approving Body will take into consideration the following additional criteria: (i) the expertise, qualifications and industry experience of the HKT Service Provider; (ii) the length of relationship between the HKT Service Provider and HKT Group; and (iii) the track record of the HKT Service Provider in delivering quality services.

HKT Group maintains collaborative relationships with HKT Related Entities and their personnel who have extensive industry experience relevant to HKT Group's business and offer support to HKT Group on its projects and/or business strategies. Such HKT Related Entity Participants are valuable human resources and they may be involved in projects or other business engagements relating to or having connection with the HKT Group's business from time to time. Given the foregoing, the HKT Trust and HKT consider that it is important to recognise any such contribution of these HKT Related Entity Participants. By including the HKT Related Entity Participants in the HKT New Share Stapled Unit Award Scheme, the HKT Trust and HKT can incentivise them in order to strengthen their loyalty to the HKT Group and also to facilitate better collaboration between the HKT Related Entity Participants and the HKT Group.

HKT Group also regularly engages the services of certain contractors, consultants, agents, advisers and suppliers who have substantial expertise and experience in their respective fields that are relevant to the ordinary course of business of HKT Group. These HKT Service Providers provide support to HKT Group's daily operations spanning across investment and strategic planning, business administration and legal and secretarial functions, and their services directly impact on HKT Group's results of operations.

The HKT Trust and HKT are of the view that their track record is attributable, in part, to the high and consistent calibre of services provided by HKT Related Entity Participants and HKT Service Providers. No Share Stapled Units have been granted to HKT Related Entity Participants and HKT Service Providers under the HKT Existing Share Stapled Unit Award Schemes since their adoption and up to and including the Latest Practicable Date, as they were not participants thereunder.

After taking into account of the above, the HKT Trust and HKT believe that HKT Related Entity Participants and HKT Service Providers are a valuable resource and that it is important to reward their contribution to the performance of and to reinforce their commitment to HKT Group. Therefore, they are included as Eligible HKT Participants under the HKT New Share Stapled Unit Award Scheme to incentivise them to contribute to the development and performance of HKT Group and to reward them for doing so. The HKT Board takes the view that extending share incentives to the HKT Related Entity Participants and HKT Service Providers would be in the HKT Trust's and HKT's interest, as a means of incentivising them to help drive the continued success of HKT Group.

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Based on the above, the HKT Directors (including the HKT INEDs) are of the view that (i) inclusion of HKT Related Entity Participants and HKT Service Providers as eligible participants under the HKT New Share Stapled Unit Award Scheme is in line with HKT Group's business needs, the purpose of the HKT New Share Stapled Unit Award Scheme and the long-term interests of the HKT Trust, HKT and the Holders of Share Stapled Units as a whole; and (ii) the selection criteria for determining the eligibility of HKT Related Entity Participants and HKT Service Providers align with the purpose of the HKT New Share Stapled Unit Award Scheme.

Scheme Limit (HKT New Share Stapled Unit Award Scheme) and Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme)

The total number of new Share Stapled Units which may be awarded under the HKT New Share Stapled Unit Award Scheme shall be no more than 10% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Award Scheme), subject to the HKT Scheme Mandate Limit (the “**Scheme Limit (HKT New Share Stapled Unit Award Scheme)**”).

Within the Scheme Limit (HKT New Share Stapled Unit Award Scheme), the total number of new Share Stapled Units which may be awarded to HKT Service Providers shall be no more than 0.5% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Award Scheme) (“**Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme)**”).

As at the Latest Practicable Date, there were 7,579,742,334 Share Stapled Units in issue. Assuming there is no change to the number of issued Share Stapled Units between the Latest Practicable Date and the Adoption Date (HKT New Share Stapled Unit Award Scheme), the Scheme Limit (HKT New Share Stapled Unit Award Scheme) will be 757,974,233 Share Stapled Units and the Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme) will be 37,898,711 Share Stapled Units, in each case subject to the HKT Scheme Mandate Limit.

The Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme) has been determined with reference to (i) the potential dilution effect arising from awards made to HKT Service Providers; (ii) a balance between achieving the purpose of the HKT New Share Stapled Unit Award Scheme and protecting Holders of Share Stapled Units from the said dilution effect; (iii) the extent of usage of services provided (and to be provided) by HKT Service Providers to HKT Group; (iv) the expected contribution of HKT Service Providers to HKT Group's future development; and (v) current settlement arrangements with HKT Service Providers. The HKT Board considers that the Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme) is appropriate and reasonable in the circumstances, and allows HKT Group to reward appropriate persons who deliver services with equity incentives (in lieu of cash).

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There is no limit on the number of existing Share Stapled Units which may be awarded to Selected HKT Participants under the HKT New Share Stapled Unit Award Scheme.

Vesting period

A minimum vesting period of 12 months applies to all awards that are made under the HKT New Share Stapled Unit Award Scheme save that in specified circumstances, the HKT Approving Body may apply a shorter vesting period for awards to HKT Employee Participants. See the paragraph headed “9. VESTING SCHEDULE” in Appendix 5 to this circular for details.

In the interest of practicality and to fully achieve the purpose of the HKT New Share Stapled Unit Award Scheme, the HKT Board and the HKT Remuneration Committee are of the view that (i) there are certain instances where a strict 12-month vesting requirement would be impractical or be unfair to the Selected HKT Participant; (ii) flexibility should be reserved to the Trustee-Manager and HKT so that they can offer a competitive remuneration package to attract talent or permit accelerated vesting of awards that are made to exceptional performers; and (iii) the Trustee-Manager and HKT should be free to formulate their own retention strategies in response to changing market conditions, including the ability to impose performance- in lieu of time-based vesting conditions. Accordingly, the HKT Board and the HKT Remuneration Committee consider that it would be appropriate and in line with the purpose of the HKT New Share Stapled Unit Award Scheme to apply a shorter vesting period in the circumstances stipulated under the paragraph headed “9. VESTING SCHEDULE” in Appendix 5 to this circular.

Performance targets

Vesting of awards may be subject to performance targets being met, as determined by the HKT Approving Body. Performance targets may comprise a combination of key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores) to be attained, and may vary among Selected HKT Participants having regard to their role, length of employment or service, duties and responsibilities and the time of the grant.

The rules of the HKT New Share Stapled Unit Award Scheme do not prescribe any specific performance target(s) that must be met before the vesting of an award. If the HKT Approving Body were to apply performance target(s) to an award, it may make reference to factors such as (i) results and performance of HKT Group; (ii) for a HKT Employee Participant, the key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores) of the individual or the department and/or business unit to which he belongs and for other Eligible HKT Participants, their contribution to the financial and operating results of HKT Group; and (iii) individual position or annual appraisal results of and other factors relevant to the Selected HKT Participant.

LETTER FROM THE BOARD

The HKT Board and the HKT Remuneration Committee are of the view that flexibility around performance targets should be reserved to the HKT Approving Body on each grant occasion, as each individual Selected HKT Participant will be assessed against different parameters, which aligns with the purpose of the HKT New Share Stapled Unit Award Scheme. For the avoidance of doubt, performance targets will not apply to award(s) which may be made to HKT INEDs.

Voting rights of the trustee of the HKT New Share Stapled Unit Award Scheme

A trustee will be appointed to administer the HKT New Share Stapled Unit Award Scheme. The trustee must abstain from voting unvested Share Stapled Units on matters that require approval by the Holders of Share Stapled Units under the Listing Rules unless otherwise required by law to vote, in accordance with the beneficial owner's direction where such a direction is given.

Conditions to the HKT New Share Stapled Unit Award Scheme

Adoption of the HKT New Share Stapled Unit Award Scheme is conditional upon:

- (i) the passing of resolution(s) approving the adoption of the HKT New Share Stapled Unit Award Scheme by Holders of Share Stapled Units at the HKT 2024 AGM;
- (ii) the passing of resolution no. 10(a) through (c) as set out in the Notice, by the PCCW Shareholders at the AGM; and
- (iii) the Listing Committee granting the approval for the listing of, and permission to deal in, Share Stapled Unit(s) which may be issued in respect of awards that are made under the HKT New Share Stapled Unit Award Scheme.

Other information

No purchase price is payable by Selected HKT Participants upon acceptance or vesting of awards made under the HKT New Share Stapled Unit Award Scheme. There is no clawback mechanism to recover or withhold awards that have been made to Selected HKT Participants.

The trustee who will be engaged to administer the HKT New Share Stapled Unit Award Scheme, subject to the adoption of the scheme, will be independent of the HKT Trust, HKT and their connected persons. None of the HKT Directors will be, or have an interest in, the trustee of the HKT New Share Stapled Unit Award Scheme.

A summary of the principal terms of the HKT New Share Stapled Unit Award Scheme is set out in Appendix 5 to this circular. A copy of the HKT New Share Stapled Unit Award Scheme document will be made available for inspection at the AGM and published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.pccw.com/ir for a period of not less than 14 days before the date of the AGM.

LETTER FROM THE BOARD

Application will be made to the Listing Committee for the approval of the listing of, and permission to deal in, Share Stapled Unit(s) which may be issued in respect of awards that are made under the HKT New Share Stapled Unit Award Scheme.

As at the Latest Practicable Date, no Shareholder had a material interest in the proposed adoption of the HKT New Share Stapled Unit Award Scheme. Accordingly, no Shareholder is required to abstain from voting on resolution no. 10(a) through (c).

TERMINATION OF HKT EXISTING SHARE STAPLED UNIT OPTION SCHEME AND ADOPTION OF HKT NEW SHARE STAPLED UNIT OPTION SCHEME

HKT Existing Share Stapled Unit Option Scheme

The HKT Existing Share Stapled Unit Option Scheme was adopted by the Holders of Share Stapled Units and PCCW Shareholders at their annual general meetings held on 7 May 2021, before the amendments to Chapter 17 of the Listing Rules came into effect on 1 January 2023. In light of and to comply with such amendments, the HKT Trust and HKT propose to terminate the HKT Existing Share Stapled Unit Option Scheme and adopt the HKT New Share Stapled Unit Option Scheme, with the Proposed Amendments incorporated, to replace the HKT Existing Share Stapled Unit Option Scheme.

As at the Latest Practicable Date, there were no outstanding options under the HKT Existing Share Stapled Unit Option Scheme. Since its adoption, no options had been granted under the HKT Existing Share Stapled Unit Option Scheme, and no options are expected to be granted thereunder prior to the termination of the HKT Existing Share Stapled Unit Option Scheme and adoption of the HKT New Share Stapled Unit Option Scheme.

HKT New Share Stapled Unit Option Scheme

The Board proposes to adopt the HKT New Share Stapled Unit Option Scheme, which will be valid for a period of 10 years commencing from the Adoption Date (HKT New Share Stapled Unit Option Scheme), subject to early termination by Holders of Share Stapled Units in general meeting or the HKT Board.

The purpose of the HKT New Share Stapled Unit Option Scheme is to enable the HKT Trust and HKT, acting jointly by mutual agreement between them, to grant options to Eligible HKT Participants as incentives or rewards for their contribution to the growth of the HKT Group and to provide the HKT Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible HKT Participants.

LETTER FROM THE BOARD

The terms of the HKT New Share Stapled Unit Option Scheme will be based on the HKT Existing Share Stapled Unit Option Scheme, with the Proposed Amendments incorporated. A key summary of the Proposed Amendments is as follows:

- (i) to revise the definition of “Eligible Participant(s)” to include only HKT Employee Participants and HKT Service Providers;
- (ii) to set a new scheme limit, such that the total number of new Share Stapled Units which may be issued pursuant to the exercise of options granted under the HKT New Share Stapled Unit Option Scheme must not exceed 10% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Option Scheme), subject to the HKT Scheme Mandate Limit (the “**Scheme Limit (HKT New Share Stapled Unit Option Scheme)**”);
- (iii) to set a new sublimit within the Scheme Limit (HKT New Share Stapled Unit Option Scheme), such that the total number of new Share Stapled Units which may be issued pursuant to the exercise of options granted to HKT Service Providers must not exceed 0.5% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Option Scheme) (the “**Service Provider Sublimit (HKT New Share Stapled Unit Option Scheme)**”);
- (iv) to impose a minimum vesting period of 12 months on options granted under the HKT New Share Stapled Unit Option Scheme, save as otherwise provided for under the rules of the HKT New Share Stapled Unit Option Scheme (such as set out in the paragraph headed “2.(k) Rights on a general offer or a scheme of arrangement (if permitted)” in Appendix 6 to this circular in respect of HKT Employee Participants only); and
- (v) to set the term of the HKT New Share Stapled Unit Option Scheme such that it is valid and effective for a period of 10 years commencing from the Adoption Date (HKT New Share Stapled Unit Option Scheme), subject to early termination by Holders of Share Stapled Units in general meeting or the HKT Board.

As at the Latest Practicable Date, there were 7,579,742,334 Share Stapled Units in issue. Assuming there is no change to the number of issued Share Stapled Units between the Latest Practicable Date and the Adoption Date (HKT New Share Stapled Unit Option Scheme), the Scheme Limit (HKT New Share Stapled Unit Option Scheme) will be 757,974,233 Share Stapled Units and the Service Provider Sublimit (HKT New Share Stapled Unit Option Scheme) will be 37,898,711 Share Stapled Units, in each case subject to the HKT Scheme Mandate Limit.

LETTER FROM THE BOARD

The Service Provider Sublimit (HKT New Share Stapled Unit Option Scheme) has been determined with reference to (i) the potential dilution effect arising from options granted (and to be granted) to HKT Service Providers; (ii) a balance between achieving the purpose of the HKT New Share Stapled Unit Option Scheme and protecting Holders of Share Stapled Units from the said dilution effect; (iii) the extent of usage of services provided (and to be provided) by HKT Service Providers to HKT Group; (iv) the expected contribution of HKT Service Providers to HKT Group's future development; and (v) current settlement arrangements with HKT Service Providers. The HKT Board considers that the Service Provider Sublimit (HKT New Share Stapled Unit Option Scheme) is appropriate and reasonable in the circumstances, and allows HKT Group to reward appropriate persons who deliver services with equity incentives (in lieu of cash).

There is no clawback mechanism to recover or withhold options that have been granted to Eligible HKT Participants. The rules of the HKT New Share Stapled Unit Option Scheme do not prescribe any specific performance target(s) that must be met before an option can be exercised. If the HKT Board were to apply performance target(s) to a grant of options, it may make reference to factors such as (i) results and performance of HKT Group; (ii) for a HKT Employee Participant, the key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores) of the individual or the department and/or business unit to which he belongs and for HKT Service Providers, their contribution to the financial and operating results of HKT Group; and (iii) individual position or annual appraisal results of and other factors relevant to the Eligible HKT Participant.

HKT is a principal subsidiary of the Company. As such, Rules 17.02 through 17.09 (other than Rule 17.05) of the Listing Rules apply (with modifications) to the HKT New Share Stapled Unit Option Scheme as if it were a scheme of the Company, pursuant to Rule 17.13 of the Listing Rules.

Adoption of the HKT New Share Stapled Unit Option Scheme is conditional upon:

- (i) the passing of resolution(s) approving the termination of the HKT Existing Share Stapled Unit Option Scheme and the adoption of the HKT New Share Stapled Unit Option Scheme by Holders of Share Stapled Units at the HKT 2024 AGM;
- (ii) the passing of resolution no. 11(a) through (c) as set out in the Notice, by the PCCW Shareholders at the AGM; and
- (iii) the Listing Committee granting the approval for the listing of, and permission to deal in, Share Stapled Unit(s) which may be issued pursuant to the exercise of options granted under the HKT New Share Stapled Unit Option Scheme.

LETTER FROM THE BOARD

A summary of the principal terms of the HKT New Share Stapled Unit Option Scheme is set out in Appendix 6 to this circular. A copy of the HKT New Share Stapled Unit Option Scheme document will be made available for inspection at the AGM and published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.pccw.com/ir for a period of not less than 14 days before the date of the AGM.

Application will be made to the Listing Committee for the approval of the listing of, and permission to deal in, Share Stapled Unit(s) which may be issued pursuant to the exercise of options granted under the HKT New Share Stapled Unit Option Scheme.

As at the Latest Practicable Date, no Shareholder had a material interest in the proposed termination of the HKT Existing Share Stapled Unit Option Scheme and adoption of the HKT New Share Stapled Unit Option Scheme. Accordingly, no Shareholder is required to abstain from voting on resolution no. 11(a) through (c).

Save for the HKT Existing Share Stapled Unit Award Schemes and the HKT Existing Share Stapled Unit Option Scheme, the HKT Trust and HKT have no other share stapled unit schemes.

AGM

The Notice convening the AGM is set out in this circular. A form of proxy for use at the AGM is enclosed. The form of proxy can also be downloaded from the Company's website at www.pccw.com/ir and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Whether or not Shareholders are able to attend the AGM, they are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Investor Communications Centre, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event no later than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person or by means of electronic facilities at the AGM (or any adjournment thereof) should they so desire.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 71 of the Articles, the Chairman of the AGM will put each of the proposed resolutions set out in the Notice to be voted on by way of a poll. After the conclusion of the AGM, the results of the poll will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.pccw.com/ir.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposals for (1) the re-election of Directors; (2) the grant of the general mandates to issue and buy back Shares; (3) the adoption of the PCCW New Share Schemes; (4) the adoption of the HKT New Share Stapled Unit Award Scheme; and (5) the termination of the HKT Existing Share Stapled Unit Option Scheme and adoption of the HKT New Share Stapled Unit Option Scheme, are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

FURTHER INFORMATION

Your attention is drawn to Appendix 1 to this circular which sets out biographical information of the Directors proposed to be re-elected at the AGM in accordance with the requirements of the Listing Rules; Appendix 2 to this circular which provides an explanatory statement on the proposed general mandate for the buy-back of Shares; Appendix 3 to this circular which sets out a summary of the principal terms of the PCCW New Share Award Scheme; Appendix 4 to this circular which sets out a summary of the principal terms of the PCCW New Share Option Scheme; Appendix 5 to this circular which sets out a summary of the principal terms of the HKT New Share Stapled Unit Award Scheme; and Appendix 6 to this circular which sets out a summary of the principal terms of the HKT New Share Stapled Unit Option Scheme.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully
For and on behalf of the Board
Hui Hon Hing, Susanna
*Acting Group Managing Director
and Group Chief Financial Officer*

**APPENDIX 1 BIOGRAPHICAL INFORMATION OF DIRECTORS
PROPOSED TO BE RE-ELECTED**

In accordance with Articles 91 and 101 of the Articles, Mr Li Tzar Kai, Richard, Mr Tse Sze Wing, Edmund, Mr Tang Yongbo, Ms Frances Waikwun Wong and Mr Bryce Wayne Lee will offer themselves for re-election at the AGM. Their biographical information is set out below to enable Shareholders to make an informed decision on their re-election. Save for the information disclosed below and in the Company's 2023 Annual Report, there is no other information that is required to be disclosed pursuant to any requirements set out in Rule 13.51(2) of the Listing Rules and there are no other matters concerning the Directors proposed to be re-elected that need to be brought to the attention of the Shareholders.

1. Li Tzar Kai, Richard

Mr Li, aged 57, was appointed an Executive Director and the Chairman of PCCW in August 1999. He is the Chairman of PCCW's Executive Committee and a member of the Nomination Committee of the Board. He is also the Chairman and Chief Executive of the Pacific Century Group, a Director of certain FWD group companies, the Executive Chairman and an Executive Director of HKT and, the Trustee-Manager, the Chairman of HKT's Executive Committee and a member of HKT's Nomination Committee, an Executive Director of Pacific Century Premium Developments Limited ("**PCPD**"), the Chairman of PCPD's Executive Committee, a member of PCPD's Remuneration Committee and Nomination Committee, the Chairman and an Executive Director of Singapore-based Pacific Century Regional Developments Limited ("**PCRD**"), and the Chairman of PCRD's Executive Committee.

Mr Li is a member of the Center for Strategic and International Studies' International Councillors' Group in Washington, D.C. He was awarded the Lifetime Achievement Award by the Cable & Satellite Broadcasting Association of Asia in November 2011.

Save as disclosed above, Mr Li did not hold any other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas and did not hold any position in the Company or other members of the Company's group.

Other than the positions disclosed above and any information set out in the Company's 2023 Annual Report, Mr Li is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Li was deemed to have an interest in 2,464,133,358 Shares, representing (i) corporate interests in 535,291,134 Shares^(Note 1); and (ii) other interests in 1,928,842,224 Shares^(Note 2). Save as disclosed above, Mr Li did not have any interests or short positions in the Shares or underlying Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is no service contract entered into between Mr Li and the Company but he has entered into a letter of appointment as an Executive Director of the Company pursuant to which he is not entitled to receive any Director's fees, remuneration, benefits or other entitlements. He has also entered into a letter of appointment as an Executive Director of each of HKT and the Trustee-Manager but is not entitled to any remuneration. Mr Li is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

APPENDIX 1 BIOGRAPHICAL INFORMATION OF DIRECTORS PROPOSED TO BE RE-ELECTED

Notes:

1. Of these Shares, Pacific Century Diversified Limited (“**PCD**”), a wholly-owned subsidiary of Chiltonlink Limited (“**Chiltonlink**”), held 342,475,956 Shares, Eisner Investments Limited (“**Eisner**”) held 38,222,413 Shares, and Trade Champion Limited, a wholly-owned subsidiary of Excel Global Holdings Limited (“**Excel Global**”), held 154,592,765 Shares. Li Tzar Kai, Richard owned 100% of the issued share capital of Chiltonlink, Eisner and Excel Global.
2. These interests represented:
 - (i) a deemed interest in 175,312,270 Shares held by Pacific Century Group Holdings Limited (“**PCGH**”). Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 175,312,270 Shares held by PCGH; and
 - (ii) a deemed interest in 1,753,529,954 Shares held by PCRD, a company in which PCGH had, through itself and certain wholly-owned subsidiaries being Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate of 88.67% interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100% interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 1,753,529,954 Shares held by PCRD. Li Tzar Kai, Richard was also deemed to be interested in 1.06% of the issued share capital of PCRD through Hopestar Holdings Limited, a company wholly-owned by Li Tzar Kai, Richard.

2. **Tse Sze Wing, Edmund**

Mr Tse, aged 86, is a Non-Executive Director of PCCW. He was an Independent Non-Executive Director of PCCW from September 2009 to March 2011 and was re-designated to a Non-Executive Director of PCCW in March 2011. He is also a member of the Regulatory Compliance Committee of the Board.

Mr Tse is the Independent Non-Executive Chairman and an Independent Non-Executive Director of AIA Group Limited. From 1996 until June 2009, Mr Tse was Director of American International Group, Inc. (“**AIG**”) and from 2001 until June 2009, he was Senior Vice Chairman – Life Insurance of AIG. From 2000 until June 2009, he was Chairman and Chief Executive Officer of American International Assurance Company, Limited and from 2005 until April 2015, he was the Chairman of AIA Philippines Life and General Insurance Company Inc. (formerly known as The Philippine American Life and General Insurance (PHILAM LIFE) Company). Mr Tse has held various senior positions and directorships in other AIG companies. Mr Tse is also the Non-Executive Chairman for Asia ex-Japan of PineBridge Investments Asia Limited and a Director of Bridge Holdings Company Limited which are asset management companies owned indirectly by Mr Li Tzar Kai, Richard, the Chairman of PCCW. Mr Tse was a Non-Executive Director of PICC Property and Casualty Company Limited from June 2004 until July 2014.

Mr Tse is a member of the Chief Executive's Council of Advisers. Mr Tse was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2001 in recognition of his outstanding efforts in respect of the development of Hong Kong's insurance industry. Mr Tse graduated with a Bachelor of Arts degree in Mathematics from the University of Hong Kong (HKU) in 1960. HKU conferred an Honorary Fellowship and an Honorary Doctorate Degree in Social Sciences on Mr Tse in 1998 and 2002 respectively. He also obtained diplomas from the College of Insurance and the Graduate School of Business of Stanford University. He has extensive management experience in the insurance market, both in Asia and globally. In 2003, Mr Tse was elected to the prestigious Insurance Hall of Fame and in 2017, Mr Tse was awarded the first ever "Lifetime Achievement Award" at the Pacific Insurance Conference in recognition of his outstanding contribution to the insurance industry. In 2018, Mr Tse was conferred an Honorary Degree of Doctor of Business Administration by Lingnan University. In 2019, Mr Tse was also conferred Fellowship by the Hong Kong Academy of Finance. In 2024, Mr Tse was conferred an Honorary Degree of Doctor of Social Science by The Hang Seng University of Hong Kong. Mr Tse serves many community and professional organizations as well as educational institutions. He is also a director of AIA Foundation, which supports charitable causes in Hong Kong.

Save as disclosed above, Mr Tse did not hold any other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas and did not hold any position in the Company or other members of the Company's group.

Other than the positions disclosed above and any information set out in the Company's 2023 Annual Report, Mr Tse is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Tse had a family interest in 367,479 Shares. Save as disclosed above, Mr Tse did not have any interests or short positions in the Shares or underlying Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is no service contract entered into between Mr Tse and the Company but he has entered into a letter of appointment as a Non-Executive Director of the Company for a term of three years, pursuant to which he is entitled to an annual Director's fee of HK\$256,300. Such fee is determined with reference to his responsibilities with the Company and the Company's remuneration policy. Mr Tse is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

3. Tang Yongbo

Mr Tang, aged 50, became a Non-Executive Director of PCCW in August 2023. He is the Deputy Chairman and a member of PCCW's Executive Committee. He is also a Non-Executive Director of HKT and the Trustee-Manager, and a member of HKT's Executive Committee, Nomination Committee and Remuneration Committee.

Mr Tang is a vice general manager of China United Network Communications Group Company Limited, a senior vice president of China United Network Communications Limited, a senior vice president of China Unicom (Hong Kong) Limited, and a director and a senior vice president of China United Network Communications Corporation Limited. Mr Tang also serves as a non-executive director of China Tower Corporation Limited and China Communications Services Corporation Limited.

Mr Tang previously served as a deputy general manager and a general manager of Hunan Branch of China Unicom, and a general manager of marketing department of China United Network Communications Group Company Limited. He was a deputy to the 13th National People's Congress.

Mr Tang received a master's degree in Business Administration from Central South University. Mr Tang has extensive experience in management and the telecommunications industry.

Save as disclosed above, Mr Tang did not hold any other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas and did not hold any position in the Company or other members of the Company's group.

Other than the positions disclosed above and any information set out in the Company's 2023 Annual Report, Mr Tang is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Tang did not have any interests or short positions in the Shares or underlying Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between Mr Tang and the Company but he has entered into a letter of appointment as a Non-Executive Director of the Company for a term of three years, pursuant to which he is entitled to an annual Director's fee of HK\$256,300. Such fee is determined with reference to his responsibilities with the Company and the Company's remuneration policy. He has also entered into a letter of appointment as a Non-Executive Director of each of HKT and the Trustee-Manager, pursuant to which he is entitled to an annual director's fee of HK\$256,300 from HKT but is not entitled to any remuneration from the Trustee-Manager. Mr Tang is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

4. Frances Waikwun Wong

Ms Wong, aged 62, was appointed an Independent Non-Executive Director of PCCW effective from March 2012 and is the Chairwoman of the Regulatory Compliance Committee, and a member of the Nomination Committee and the Remuneration Committee of the Board. She is also an Independent Non-Executive Director of HKT and the Trustee-Manager, and the Chairwoman of HKT Remuneration Committee. She was an Independent Non-Executive Director of Pacific Century Regional Developments Limited from June 2013 to April 2023.

Ms Wong is currently a financial advisor of Good Harbour Finance Limited. She began her career as a management consultant at McKinsey & Company in the United States. Ms Wong returned to Hong Kong and joined the Hutchison Whampoa group of companies in 1988, taking on various positions. She was managing director of Weatherite Manufacturing Limited, an air conditioning manufacturer. Later, Ms Wong became chief executive officer of Metro Broadcast Corporation Limited. Eventually, she became chief financial officer of Star TV, Asia's first satellite television company. After leaving the Hutchison Whampoa Group, she became group chief financial officer for the Pacific Century Group. After she resigned from the Pacific Century Group, she founded the Independent Schools Foundation in Hong Kong in 2000.

Ms Wong was educated in the United States at Stanford University where she received a Bachelor of Science degree. She holds a Master of Science degree from the Massachusetts Institute of Technology. Ms Wong was a member of the Central Policy Unit, the Government of the Hong Kong Special Administrative Region (think tank). She has served on many educational boards including the Canadian International School of Hong Kong, Hong Kong Metropolitan University and was a member of the Joint Committee on Student Finance of Student Financial Assistance Agency.

Save as disclosed above, Ms Wong did not hold any other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas and did not hold any position in the Company or other members of the Company's group.

Other than the positions disclosed above and any information set out in the Company's 2023 Annual Report, Ms Wong is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms Wong did not have any interests or short positions in the Shares or underlying Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between Ms Wong and the Company but she has entered into a letter of appointment as an Independent Non-Executive Director of the Company for a term of three years, pursuant to which she is entitled to an annual Director's fee of HK\$256,300. Such fee is determined with reference to her responsibilities with the Company and the Company's remuneration policy. She has also entered into a letter of appointment as an Independent Non-Executive Director of each of HKT and the Trustee-Manager, pursuant to which she is entitled to an annual director's fee of HK\$256,300 and an additional fee of HK\$128,200 as the Chairwoman of the HKT Remuneration Committee but is not entitled to any remuneration from the Trustee-Manager. Ms Wong is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

Ms Wong has confirmed that (a) she is independent having regard to each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (b) she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected persons of the Company; and (c) there are no other factors that may affect her independence.

5. Bryce Wayne Lee

Mr Lee, aged 59, was appointed an Independent Non-Executive Director of PCCW in May 2012 and is a member of the Audit Committee and the Remuneration Committee of the Board.

Mr Lee joined Silver Lake in 2011 and is a Managing Director and Head of Business Development, Fundraising and Investor Relations of Silver Lake. In addition, he is an investment professional primarily with responsibility in the Asia region. Previously, he was a Managing Director of Credit Suisse in the Investment Banking division, serving as head of the Technology Group for the Americas and as co-head of the Alternative Energy Group. Mr Lee was instrumental in building a number of Credit Suisse's franchises including its Asian technology investment banking business and was named to Forbes magazine's "Midas List" of the top 100 technology dealmakers in the world. He was a member of Credit Suisse's Investment Banking Committee and served on the Managing Director Evaluation Committee. Mr Lee is a member of the Council on Foreign Relations.

Mr Lee is currently on the boards of directors of Carbon, Inc., Eka Software Solutions and Peloton Computer Enterprises. Mr Lee graduated from Stanford University.

Save as disclosed above, Mr Lee did not hold any other directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas and did not hold any position in the Company or other members of the Company's group.

**APPENDIX 1 BIOGRAPHICAL INFORMATION OF DIRECTORS
PROPOSED TO BE RE-ELECTED**

Other than the positions disclosed above and any information set out in the Company's 2023 Annual Report, Mr Lee is not related to any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Lee did not have any interests or short positions in the Shares or underlying Shares within the meaning of Part XV of the SFO.

There is no service contract entered into between Mr Lee and the Company but he has entered into a letter of appointment as an Independent Non-Executive Director of the Company for a term of three years, pursuant to which he is entitled to an annual Director's fee of HK\$256,300. Such fee is determined with reference to his responsibilities with the Company and the Company's remuneration policy. Mr Lee is subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company pursuant to the Articles.

Mr Lee has confirmed that (a) he is independent having regard to each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (b) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected persons of the Company; and (c) there are no other factors that may affect his independence.

The following is the Explanatory Statement required to be sent to Shareholders under the Listing Rules in connection with the proposed general mandate for the buy-back of securities and also constitutes the memorandum required under Section 239 of the Companies Ordinance:

1. LISTING RULES REQUIREMENT FOR BUY-BACK OF SECURITIES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy back their securities (which shall include, where the context permits, shares of all classes and securities which carry a right to subscribe or purchase shares, of a company, and shall include warrants) on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

All on-market securities buy-backs on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

(b) Source of funds

Buy-backs must be funded out of funds which are legally available for the purpose in accordance with the company's constitutional documents and the laws of Hong Kong.

2. ISSUED SHARES

As at the Latest Practicable Date, the issued Shares comprised 7,739,638,249 Shares.

Subject to the passing of Ordinary Resolution No. 6 set out in the Notice (the "**Buy-back Mandate**"), the Company would be allowed to buy back a maximum of 773,963,824 Shares on the assumption that there is no variation to the issued Shares during the period from the Latest Practicable Date to the date of passing of the resolution approving the Buy-back Mandate. Such number of Shares referred to above shall, where applicable, be adjusted in the event that the Shares in issue as at the date of passing the resolution are, at any time thereafter, converted into a larger or smaller number of Shares.

3. REASONS FOR BUY-BACK

The Directors believe that it is in the best interests of the Company and its Shareholders as a whole to seek a general authority from Shareholders to enable the Company to buy back Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net assets and/or its earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and its Shareholders as a whole.

4. FUNDING OF AND IMPACT OF BUY-BACK

Buy-backs pursuant to the Buy-back Mandate would be financed entirely from the Company's available cash flow or working capital and other funding facilities. Any buy-backs will only be funded out of funds of the Company legally available for the purpose in accordance with the Articles and the laws of Hong Kong.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited financial statements) in the event that the Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months up to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2023		
March	4.08	3.87
April	4.12	3.92
May	4.18	3.98
June	4.07	3.63
July	4.10	3.93
August	4.00	3.53
September	3.74	3.50
October	3.98	3.51
November	4.02	3.78
December	4.27	3.90
2024		
January	4.25	3.96
February	4.20	3.90
March (up to the Latest Practicable Date)	4.01	3.88

6. DISCLOSURE OF INTERESTS

The Directors will exercise the Buy-back Mandate in accordance with the Listing Rules, the laws of Hong Kong and the provisions set out in the Articles.

If as a result of a buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The Directors do not intend to exercise the Buy-back Mandate to such an extent as would result in a Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory general offer under Rule 26 of the Takeovers Code and, accordingly, it is not anticipated that purchases of Shares under the Buy-back Mandate will give rise to any consequences under the Takeovers Code.

As at the Latest Practicable Date, Mr Li Tzar Kai, Richard, companies controlled by him and his related trusts are deemed under the SFO to be interested in an aggregate of 2,464,133,358 Shares, representing approximately 31.84% of the total number of Shares then in issue. If the Directors were to exercise the Buy-back Mandate in full, then (assuming the number of Shares in which Mr Li Tzar Kai, Richard, companies controlled by him and his related trusts are interested as at the Latest Practicable Date remains the same) the aggregate percentage shareholding in the Company of Mr Li Tzar Kai, Richard, companies controlled by him and his related trusts would be increased to approximately 35.38% of the total number of Shares in issue. In the opinion of the Directors, such increase may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. However, the Directors have no present intention to exercise the Buy-back Mandate to such an extent as would result in a mandatory offer obligation arising.

Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of an exercise of the Buy-back Mandate.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), presently intend to sell any Shares to the Company or its subsidiaries under the Buy-back Mandate in the event that the Buy-back Mandate is approved by Shareholders.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have any present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them, to the Company in the event that the Buy-back Mandate is approved by Shareholders.

7. SHARE BUY-BACKS MADE BY THE COMPANY

The Company has not bought back any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The Company confirms that neither this explanatory statement nor the proposed Buy-back Mandate has any unusual features.

The following is a summary of the principal terms of the PCCW New Share Award Scheme proposed to be adopted at the AGM. It does not form part of, nor is it intended to be part of, the rules of the PCCW New Share Award Scheme.

1. PURPOSE OF THE SCHEME

The objectives of the PCCW New Share Award Scheme are to:

- (i) recognise the contributions by certain Selected PCCW Participants with an opportunity to acquire a proprietary interest in the Company;
- (ii) give incentives to such individuals in order to encourage and retain them for the continual operation and development of PCCW Group;
- (iii) provide additional incentives for such individuals to achieve performance goals;
- (iv) attract suitable personnel for further development of PCCW Group; and
- (v) motivate the Selected PCCW Participants to maximise the value of the Company for the benefit of both the Selected PCCW Participants and the Company,

with a view to achieving the objectives of increasing the value of PCCW Group and aligning the interests of the Selected PCCW Participants directly with those of PCCW Shareholders through ownership of Shares.

2. WHO MAY JOIN AND CRITERIA FOR DETERMINING ELIGIBILITY

Subject to the rules of the PCCW New Share Award Scheme, the PCCW Approving Body may, in its absolute discretion, grant awards to any Eligible PCCW Participant (other than an Excluded Person) and determine the number of Shares to be granted.

In determining the eligibility of Eligible PCCW Participants, the PCCW Approving Body will take into consideration matters including:

- (i) the present contribution and expected contribution of the Selected PCCW Participant to PCCW Group's profits;
- (ii) PCCW Group's general financial condition;
- (iii) PCCW Group's overall business objectives and future development plan; and
- (iv) the Selected PCCW Participant's individual performance, time commitment to PCCW Group, job responsibilities and function, and existing remuneration package.

In assessing the eligibility of PCCW Service Providers, the PCCW Approving Body will take into consideration the following additional criteria: (i) the expertise, qualifications and industry experience of the PCCW Service Provider; (ii) the length of relationship between the PCCW Service Provider and PCCW Group; and (iii) the track record of the PCCW Service Provider in delivering quality services.

3. ADMINISTRATION

The PCCW New Share Award Scheme is subject to the administration of the PCCW Approving Body and the trustee. The decision of the PCCW Approving Body and the trustee regarding the administration and operation of the PCCW New Share Award Scheme will be final and binding on all parties.

4. PURCHASE AND SUBSCRIPTION OF SHARES

The PCCW Approving Body may, in its absolute discretion, notify the trustee from time to time to purchase Shares on the Stock Exchange before any Eligible PCCW Participant is selected to be a Selected PCCW Participant for an award in respect of such Shares, and to hold the same for any award for future Selected PCCW Participants to be determined by the PCCW Approving Body (together with other Shares made available to and held under the trust from time to time, the “**Trustee Shares**”).

The PCCW Approving Body may, in its absolute discretion, at any time after taking into account the number of Trustee Shares held by the trustee, cause to be paid the Trustee Shares Purchase Amount into the trust bank account to enable the trustee to purchase Shares for the purpose of granting awards under the PCCW New Share Award Scheme. The “**Trustee Shares Purchase Amount**” is the sum of (X) the total purchase price of the Shares to be purchased on the Stock Exchange and to be held as Trustee Shares and (Y) the related purchase expenses.

The PCCW Approving Body may, in its absolute discretion, at any time after the date of grant of an award, cause to be paid the PCCW Award Grant Amount into the trust bank account for the purchase and/or subscription of Grant Shares in respect of the award. The “**PCCW Award Grant Amount**” is the sum of (X) (a) the closing price of the Shares as quoted on the Stock Exchange as at the date of grant (or any other date as may be determined by the PCCW Approving Body) multiplied by the number of Grant Shares comprised in the award granted to the Selected PCCW Participant (where Shares for the award are to be purchased on the Stock Exchange) or (b) a nominal amount per Share (as directed by the PCCW Approving Body) multiplied by the number of new Shares to be issued by the Company as Grant Shares comprised in the award granted to the Selected PCCW Participant (where new Shares are to be issued by the Company for the award) and (Y) the related purchase or subscription expenses.

In respect of the purchase of Shares on the Stock Exchange to be used as Grant Shares under an award or to be held as Trustee Shares for future grants, at any time after the date of grant (where Shares are purchased for an award) or as instructed by the PCCW Approving Body (where Shares are purchased to be held as Trustee Shares), the trustee will apply the PCCW Award Grant Amount and Trustee Shares Purchase Amount, respectively, towards the purchase of Shares on the Stock Exchange.

In respect of the subscription of new Shares to be issued by the Company for awards, at any time after the date of grant, the trustee will apply the PCCW Award Grant Amount towards the subscription of Shares at a nominal amount per Share as directed by the PCCW Approving Body.

5. MAXIMUM NUMBER OF SHARES

The total number of new Shares which may be awarded under the PCCW New Share Award Scheme shall be no more than 10% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Award Scheme), subject to the PCCW Scheme Mandate Limit.

Within the Scheme Limit (PCCW New Share Award Scheme), the total number of new Shares which may be awarded to PCCW Service Providers shall be no more than 0.5% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Award Scheme).

As at the Latest Practicable Date, there were 7,739,638,249 Shares in issue. Assuming there is no change to the number of issued Shares between the Latest Practicable Date and the Adoption Date (PCCW New Share Award Scheme), the Scheme Limit (PCCW New Share Award Scheme) will be 773,963,824 Shares and the Service Provider Sublimit (PCCW New Share Award Scheme) will be 38,698,191 Shares, in each case subject to the PCCW Scheme Mandate Limit.

There is no limit on the number of existing Shares which may be awarded to Selected PCCW Participants under the PCCW New Share Award Scheme.

The total number of new Shares which may be issued in respect of all options and awards granted and to be granted under the PCCW New Share Award Scheme and all other scheme(s) of the Company (each a “**PCCW Share Scheme**”) which are funded by the issue of new Shares, must not exceed 10% of the Shares in issue as at the date of approval by PCCW Shareholders of the PCCW Share Scheme or a refreshment of the scheme mandate under a PCCW Share Scheme, whichever is later (the “**PCCW Scheme Mandate Limit**”).

No award may be granted to any one Eligible PCCW Participant such that the total number of Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of the latest grant exceeds in aggregate 1% of the total issued Shares, unless the grant is separately approved by PCCW Shareholders in general meeting with such grantee and his close associates (or associates, if the grantee is a connected person) abstaining from voting.

6. GRANT OF AWARDS TO CONNECTED PERSONS

Any grant of awards of new Shares to a PCCW Director, chief executive or substantial shareholder of PCCW, or any of their respective associates, must be approved by the PCCW INEDs (excluding any PCCW INED who is the prospective grantee).

Where awards of new Shares are proposed to be granted under the PCCW New Share Award Scheme to a PCCW Director (other than a PCCW INED) or chief executive of the Company or any of their respective associates, and the proposed grant of awards would result in the Shares issued and to be issued in respect of all awards involving the issue of new Shares (regardless of whether such awards are granted under the PCCW New Share Award Scheme or another PCCW Share Scheme, but excluding any awards lapsed in accordance with the terms of the corresponding scheme) granted to such person in the 12-month period up to and including the date of grant of such awards representing in aggregate over 0.1% of the total issued Shares, the proposed grant of awards must be approved by PCCW Shareholders in general meeting.

Where awards of new Shares under the PCCW New Share Award Scheme and/or options over new Shares under any share scheme that may be adopted by the Company are proposed to be granted to a PCCW INED or a substantial shareholder of the Company or any of their respective associates, and the proposed grant of awards and/or options would result in the Shares issued and to be issued in respect of all (i) options and (ii) awards involving the issue of new Shares (regardless of whether such options and awards are granted under the PCCW New Share Award Scheme or another PCCW Share Scheme, but excluding any options and awards lapsed in accordance with the terms of the corresponding scheme) granted to such person in the 12-month period up to and including the date of grant of such awards representing in aggregate over 0.1% of the total issued Shares, the proposed grant of awards and/or options must be approved by PCCW Shareholders in general meeting.

7. ACCEPTANCE OF AWARDS

After the PCCW Approving Body has selected an Eligible PCCW Participant (other than an Excluded Person) to be a Selected PCCW Participant and determined the number of Shares to be granted to the Selected PCCW Participant (the “**Grant Shares**”), it will notify the Selected PCCW Participant about the details of the award in writing by way of a grant letter (“**PCCW Grant Letter**”).

Upon receipt of the PCCW Grant Letter, the Selected PCCW Participant is required to confirm his acceptance of the award by returning to the Company a notice of acceptance duly executed by him within 28 days after the date of grant (the “**PCCW Acceptance Period**”). If any Selected PCCW Participant fails to return the notice of acceptance to the Company before the expiration of the PCCW Acceptance Period, the award will be deemed not to have taken effect and automatically lapses forthwith on the day following the last day of the PCCW Acceptance Period. No purchase price is payable by Selected PCCW Participants upon acceptance or vesting of awards to be made under the PCCW New Share Award Scheme.

8. CONDITIONS OF AWARDS

The PCCW Approving Body is entitled to impose any conditions (including, without limitation, a period of continued service with PCCW Group after the date of grant) as it deems appropriate with respect to the entitlement of the Selected PCCW Participant to an award, and the PCCW Approving Body will inform the Selected PCCW Participant by way of the PCCW Grant Letter of, among other things, the number of Grant Shares, the terms, conditions (e.g. performance conditions) (if any), restrictions (if any) and vesting schedule of his award.

There is no clawback mechanism to recover or withhold awards that have been made to Selected PCCW Participants.

9. VESTING SCHEDULE

The vesting period of an award of Shares must be at least 12 months, except that the PCCW Approving Body may in its absolute discretion apply a shorter vesting period to awards granted to PCCW Employee Participants in the following circumstances:

- (i) grants with performance-based vesting conditions provided in the PCCW New Share Award Scheme or as specified in the PCCW Grant Letter in lieu of time-based vesting criteria;
- (ii) grants of awards that are made in batches during a year due to administrative or compliance requirements which may be subject to any changes made to the applicable laws, regulations and rules in the jurisdictions which the Selected PCCW Participants and PCCW Group are subject to and not connected with the performance of the relevant Selected PCCW Participant, including awards that should have been granted earlier if not for such administrative or compliance requirements but had to wait for subsequent batch, in which case the vesting period may be shortened to reflect the time from which the awards would have been granted if not for such administrative or compliance requirements;
- (iii) grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months, or where the awards may vest by several batches with the first batch to vest within 12 months of the date of grant and the last batch to vest 12 months after the date of grant;
- (iv) grants with a total vesting and holding period of more than 12 months; and
- (v) in the circumstances set out in paragraphs 13 and 14 below.

10. PERFORMANCE TARGETS

Vesting of awards may be subject to performance targets being met, as determined by the PCCW Approving Body. Performance targets may comprise a combination of key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores) to be attained, and may vary among Selected PCCW Participants having regard to their role, length of employment or service, duties and responsibilities and the time of the grant.

For the avoidance of doubt, performance targets will not apply to award(s) which may be made to PCCW INEDs.

11. RESTRICTIONS AND LIMITATIONS

An award is personal to the Selected PCCW Participant and is neither assignable nor transferable, unless a waiver has been granted by the Stock Exchange.

No award may be granted by the PCCW Approving Body to any Selected PCCW Participant, no Shares may be issued or allotted under the PCCW New Share Award Scheme and no instructions to acquire any Shares may be given to the trustee where dealings in the Shares are prohibited under the Listing Rules and/or applicable laws from time to time. Without limiting the generality of the foregoing, no such grant or issue or allotment is to be made and such instruction is to be given:

- (i) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is inside information which must be disclosed under Part XIVA of the SFO, until (and including) the trading date after such inside information has been published on the websites of the Stock Exchange and the Company; or
- (ii) after any inside information in relation to the Company's securities has occurred or has become the subject of a decision, until such inside information has been published; or
- (iii) during the period commencing one month immediately before the earlier of (a) the date of a meeting of the PCCW Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules) and (b) the deadline for the Company to publish its annual, interim or quarterly results announcement for any such period, and ending on the date of such announcement; or

- (iv) (in relation to a grantee or prospective grantee who is a PCCW Director) during (a) the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results, and (b) the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; or
- (v) in any other circumstances where dealings by a Selected PCCW Participant (including a PCCW Director) are prohibited under the Listing Rules, the SFO or other applicable laws or regulations or where the requisite approval from applicable regulatory authorities has not been granted.

No award of new Shares may be made or announced and no issue or allotment of Shares pursuant to the PCCW New Share Award Scheme may be made, for a period of 30 days after any purchase by the Company of Shares whether on the Stock Exchange or otherwise, unless with the prior approval of the Stock Exchange.

12. VESTING CONDITIONS

Vesting of awards is subject to (i) satisfaction of the vesting condition(s), if any, attached to the award as stipulated in the PCCW Grant Letter and (ii) the Selected PCCW Participant remaining at all times after the date of grant and on the date of vesting, an Eligible PCCW Participant.

Without prejudice to the generality of the foregoing, a Selected PCCW Participant ceases to be an Eligible PCCW Participant if:

- (i) his employment or service with PCCW Group or a PCCW Related Entity (as the case may be) has been terminated for Cause (PCCW). "**Cause (PCCW)**" means:
 - (a) dishonesty or serious misconduct, whether or not in connection with his employment or service; wilful disobedience or non-compliance with the terms of his employment or service contract with, or any lawful orders or instructions given by, a PCCW Group member or PCCW Related Entity (as applicable); or
 - (b) incompetence or negligence in the performance of his duties; or
 - (c) doing anything which, in the conclusive opinion of the PCCW Approving Body, adversely affects his ability to perform his duties properly or would or might bring a PCCW Group member or PCCW Related Entity into disrepute; or

- (ii) he has been summarily dismissed by a PCCW Group member or PCCW Related Entity; or
- (iii) he has been convicted for any criminal offence involving his integrity or honesty; or
- (iv) he has been charged, convicted or held liable for any offence under the securities laws in Hong Kong or any other applicable laws or regulations in force from time to time; or
- (v) he could no longer contribute to the growth and development of PCCW Group by reason of cessation of his relations with PCCW Group or by any other reason whatsoever.

13. LAPSE OF AWARDS

If prior to or on the date of vesting in respect of an award, (i) the Selected PCCW Participant ceases to be an Eligible PCCW Participant; (ii) the Selected PCCW Participant dies; or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), the award will automatically lapse forthwith and the underlying Shares will not vest on the date of vesting.

If prior to or on the date of vesting in respect of an award, the Selected PCCW Participant's employment or service with a PCCW Group member or PCCW Related Entity is terminated by reason of retirement or permanent physical/mental disablement, the award will automatically lapse forthwith, except that the PCCW Approving Body may in its absolute discretion decide to vest all or part of the award by notice to the Selected PCCW Participant subject to compliance with the Listing Rules.

14. RIGHTS UPON CHANGE IN CONTROL

If an offer by way of takeover, merger, scheme of arrangement or otherwise is made to all PCCW Shareholders (or all such PCCW Shareholders other than the offeror, any person controlled by the offeror and any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to or on the date of vesting in respect of an award, the award will immediately vest on the date on which the offer becomes or is declared unconditional, provided that no event of Cause (PCCW) has occurred in relation to the Selected PCCW Participant and subject to compliance with the Listing Rules.

15. REORGANISATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company while any award remains unvested, such as capitalisation issue, rights issue or subdivision or consolidation of Shares or reduction of share capital of the Company, the PCCW Approving Body will determine (if appropriate) and make alterations (if any) to the number of Shares underlying the award so far as unvested.

Any such alteration must give a Selected PCCW Participant the same proportion of the equity capital, rounded to the nearest whole Share, as that to which that person was previously entitled but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value (if any). The issue of securities by the Company as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or PCCW's Auditors must confirm to the PCCW Directors in writing that the adjustments satisfy the requirements set out in the Listing Rules.

16. RANKING OF SHARES

The Shares purchased or issued pursuant to the PCCW New Share Award Scheme will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with other Shares in issue on the date they are transferred to the Selected PCCW Participant and accordingly, will entitle the holders to the same voting, dividend, transfer and other rights (including those arising on liquidation of the Company) as the existing fully paid Shares in issue on the date on which they are transferred upon vesting of an award.

17. PERIOD OF THE SCHEME

The PCCW New Share Award Scheme will be valid and effective for a period of 10 years commencing on the Adoption Date (PCCW New Share Award Scheme), subject to early termination by the PCCW Board.

18. AMENDMENT AND TERMINATION

Any (i) alterations to the terms and conditions of the PCCW New Share Award Scheme which are of a material nature; (ii) alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Selected PCCW Participants or prospective Selected PCCW Participants; and (iii) change to the authority of the PCCW Directors or scheme administrators to alter the terms of the PCCW New Share Award Scheme, must be approved by PCCW Shareholders in general meeting.

Save for the foregoing amendments, the PCCW New Share Award Scheme may be amended in any respect by a resolution of the PCCW Board provided that no such amendment may operate to affect adversely any subsisting rights of any Selected PCCW Participant under the PCCW New Share Award Scheme unless: (i) the written consent of the Selected PCCW Participant is obtained; or (ii) with the sanction of a special resolution passed at a meeting of all Selected PCCW Participants.

Any proposed amendment to the terms of an award already granted to a Selected PCCW Participant must be approved by the PCCW Approving Body, the PCCW Remuneration Committee, the PCCW INEDs and/or the PCCW Shareholders (as the case may be), if the initial grant of the award was approved by the PCCW Approving Body, the PCCW Remuneration Committee, the PCCW INEDs and/or the PCCW Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the PCCW New Share Award Scheme.

The PCCW Board may at any time terminate the operation of the PCCW New Share Award Scheme prior to the 10th anniversary of its adoption, provided that such termination does not affect any subsisting rights of any Selected PCCW Participant and in such event, the PCCW Approving Body will notify the trustee in writing of the early termination. The trustee will, within 21 business days of receiving the notice of termination (or such longer time as the trustee and the PCCW Approving Body may agree from time to time) and subject to instructions from the PCCW Approving Body, treat as vested all awards which as at the date of such notice are unvested and have not lapsed in accordance with the rules of the PCCW New Share Award Scheme, subject to paragraph 9(v) above and compliance with the Listing Rules.

19. CANCELLATION

An award that has not vested may be cancelled by the PCCW Approving Body with the consent of the Selected PCCW Participant.

For the avoidance of doubt, where the PCCW Approving Body cancels awards granted to a Selected PCCW Participant and makes a new grant to the same Selected PCCW Participant, such new grant may only be made within the available Scheme Limit (PCCW New Share Award Scheme) and if applicable, the Service Provider Sublimit (PCCW New Share Award Scheme), and the PCCW Scheme Mandate Limit. Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit (PCCW New Share Award Scheme) and if applicable, the Service Provider Sublimit (PCCW New Share Award Scheme), and the PCCW Scheme Mandate Limit.

The following is a summary of the principal terms of the PCCW New Share Option Scheme proposed to be adopted at the AGM. It does not form part of, nor is it intended to be part of, the rules of the PCCW New Share Option Scheme.

1. PURPOSE AND DURATION OF THE SCHEME

The purpose of the PCCW New Share Option Scheme is to provide Eligible PCCW Participants with the opportunity to acquire proprietary interests in the Company and to encourage Eligible PCCW Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and the PCCW Shareholders as a whole.

Subject to paragraph 10 below, the PCCW New Share Option Scheme shall be valid and effective for the period of 10 years commencing on the Adoption Date (PCCW New Share Option Scheme). On and after the 10th anniversary of the Adoption Date (PCCW New Share Option Scheme), no further options shall be granted but in all other respects the provisions of the PCCW New Share Option Scheme shall remain in full force and effect. Options which are granted during the life of the PCCW New Share Option Scheme shall continue to be exercisable in accordance with their terms of issue.

2. OPTIONS

- (A) The PCCW Board shall, in accordance with the provisions of the PCCW New Share Option Scheme, be entitled, at any time following the Adoption Date (PCCW New Share Option Scheme) and before the 10th anniversary of the Adoption Date (PCCW New Share Option Scheme), to offer to grant an option to any Eligible PCCW Participant whom the PCCW Board may, in its absolute discretion, select and subject to such conditions as the PCCW Board may think fit. In selecting an Eligible PCCW Participant, the PCCW Board may take into consideration matters including:
- (i) the present contribution and expected contribution of the Eligible PCCW Participant to PCCW Group's profits;
 - (ii) PCCW Group's general financial condition;
 - (iii) PCCW Group's overall business objectives and future development plan; and
 - (iv) the Eligible PCCW Participant's individual performance, time commitment to PCCW Group, job responsibilities and function, and existing remuneration package.

In assessing the eligibility of a PCCW Service Provider, the PCCW Board may take into consideration additional criteria including:

- (i) the expertise, qualifications and industry experience of the PCCW Service Provider;
 - (ii) the length of relationship between the PCCW Service Provider and PCCW Group; and
 - (iii) the track record of the PCCW Service Provider in delivering quality services.
- (B) Notwithstanding sub-paragraph (A) above, the total number of Shares issued and to be issued upon exercise of options and/or vesting of awards involving new Shares granted and to be granted (whether under the PCCW New Share Option Scheme or another PCCW Share Scheme) to any single Eligible PCCW Participant, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1% of the Shares in issue at the relevant time (the “**Individual Limit**”). Any grant or further grant of options to an Eligible PCCW Participant (whether or not already a grantee) which would result in the Shares issued and that may be issued upon exercise of all options and/or vesting of all awards involving new Shares granted and to be granted (whether under the PCCW New Share Option Scheme or another PCCW Share Scheme) to such Eligible PCCW Participant (excluding those Shares issued or issuable in respect of options and/or awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to the prior approval of PCCW Shareholders, on which approval the Eligible PCCW Participant, his or her close associates (or associates, if the Eligible PCCW Participant is a connected person) shall abstain from voting. The Company shall send a circular to the PCCW Shareholders containing all the terms required under the Listing Rules.
- (C) If in accordance with sub-paragraphs (A) and (B) above, the PCCW Board determines to grant an option to an Eligible PCCW Participant, the PCCW Board shall forward to such Eligible PCCW Participant a letter of offer in such form as the PCCW Board may from time to time determine stating, among other things:
- (i) the Eligible PCCW Participant’s name (and, as applicable, staff number);
 - (ii) the date of grant (being the date of the letter of offer);
 - (iii) the number of Shares in respect of which the option is granted;

- (iv) the exercise price of the option and the manner of payment of the exercise price for the Shares on, and in consequence of, the exercise of the option;
 - (v) the vesting schedule in accordance with which the option shall vest, provided that the vesting period in respect of an option must be at least 12 months;
 - (vi) the expiry date of the option;
 - (vii) the method of exercise of the option which shall, unless the PCCW Board otherwise determines, be as set out in paragraph 5 below; and
 - (viii) any other terms and conditions relating to the option (including, but not limited to, any minimum performance target(s) that must be reached before the option can be exercised in whole or in part and any terms as to early termination of an option) which are not inconsistent with the PCCW New Share Option Scheme.
- (D) An option shall be deemed to have been granted and accepted by the grantee and to have taken effect upon the date of grant, unless the grantee rejects the grant in writing within 14 days after the date of grant. No consideration is payable by the grantee on acceptance of an option.
- (E) An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the PCCW New Share Option Scheme may be registered), unless a waiver has been granted by the Stock Exchange. Any breach of the foregoing shall entitle the Company to cancel any outstanding options or part thereof granted to such grantee (including, but not limited to, the option in question).
- (F) Any options granted but not exercised may be cancelled if the grantee thereof so agrees and (if the PCCW Board so resolves) new options may be granted to that grantee provided that such new options are granted within the limits prescribed by paragraph 6 below and are otherwise granted in accordance with the terms of the PCCW New Share Option Scheme.

- (G) Each grant of options to any director, chief executive or substantial shareholder of the Company, or any of his or her associates shall be subject to the prior approval of the PCCW INEDs (excluding any PCCW INED in the circumstances where he or she or any of his or her associates is the proposed grantee). Where any grant of options to a substantial shareholder of PCCW or PCCW INED, or to any of his or her respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted (whether under the PCCW New Share Option Scheme or another PCCW Share Scheme) to such person (excluding any options and/or awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such grant of options shall be subject to prior approval by resolution of the PCCW Shareholders (voting by way of poll) on which the grantee, his or her associates and all core connected persons of the Company shall abstain from voting in favour; save that (for the avoidance of doubt), any such person may, without affecting the validity of the relevant resolution, vote against the relevant resolution at the general meeting provided that his/her/its intention to do so has been stated in the circular to be sent to the PCCW Shareholders in connection therewith.
- (H) There is no clawback mechanism to recover or withhold options that have been granted to Eligible PCCW Participants.
- (I) No options may be granted under the PCCW New Share Option Scheme after inside information has come to the Company's knowledge until (and including) the trading day after the Company has announced the information. In particular, no options may be granted:
- (i) during the period commencing one month immediately before the earlier of (a) the date of a meeting of the PCCW Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (b) the deadline for the Company to publish its annual, interim or quarterly results announcement for any such period, and ending on the date of such announcement; or

- (ii) (in relation to a prospective grantee who is a PCCW Director) during (a) the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (b) the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

3. PERFORMANCE TARGETS

Unless otherwise imposed by the Directors and stated in the relevant offer letter, there is no performance targets required to be achieved by any option holder before an option is capable of being exercised by the option holder. If the PCCW Board were to apply performance target(s) to a grant of options, it may make reference to factors such as (i) results and performance of PCCW Group; (ii) for a PCCW Employee Participant, the key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores) of the individual or the department and/or business unit to which he belongs and for PCCW Service Providers, their contribution to the financial and operating results of PCCW Group; and (iii) individual position or annual appraisal results of and other factors relevant to the Eligible PCCW Participant.

For the avoidance of doubt, performance targets will not apply to option(s) which may be made to PCCW INEDs.

4. EXERCISE PRICE

The exercise price in relation to each option shall be determined by the PCCW Board in its absolute discretion but in any event shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; and (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant.

5. EXERCISE OF OPTIONS

- (A) An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part in the manner set out in this paragraph 5. An option may be exercised during the period commencing on the vesting date of the option and expiring on the close of business of the date of expiry of the option as specified in the offer letter in respect thereof, which date shall not be later than the day last preceding the 10th anniversary of the date of grant of the option (the “**Option Period**”), only by the grantee (or his or her legal personal representative(s)) giving notice in writing to the Company (in such form and in such manner and procedure as the Company may require, either generally or on a case by case basis; such form, manner and procedure may be changed by the Company from time to time) stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Where the option is exercised in part, it must be exercised for such number of Shares as represent the board lot for dealings in Shares traded on the Stock Exchange, or an integral multiple thereof, save that any last exercise of an option over the residual balance of Shares the subject of such option may be exercised in full irrespective of whether or not such Shares represent a board lot or an integral multiple thereof. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of PCCW’s Auditors’ or independent financial adviser’s written confirmation pursuant to paragraph 8 below, the Company shall allot and issue the relevant Shares to the grantee (or his or her nominee or legal personal representative(s)) credited as fully paid and issue to the grantee (or his or her nominee or legal personal representative(s)) certificates in respect of the Shares so allotted.
- (B) Subject to the terms and conditions upon which such option is granted, an option may be exercised by the grantee at any time during the Option Period, provided that:
- (i) in the event of:
- (a) the grantee ceasing to be an Eligible PCCW Participant for any reason other than his or her death or any of the circumstances set out in paragraph 6(A)(iv) below; or
- (b) the grantee (being a PCCW Employee Participant) ceasing to be an employee of any member of PCCW Group, notwithstanding that he or she might otherwise constitute an Eligible PCCW Participant in some other capacity;

the option shall lapse three months after the date of such cessation and shall not be exercisable thereafter, unless the PCCW Board determines otherwise (and whether such determination is made before or after the date of such cessation), in which event the option shall be exercisable to the extent and within such period as the PCCW Board may determine;

- (ii) if the grantee dies before exercising the option in full and, in the case of an employee of any member of PCCW Group at the date of death, none of the events for termination of employment under paragraph 6(A)(iv) below exists with respect to such grantee (and subject always to the provisions of paragraph 6(B) below), the personal representative(s) of the grantee shall be entitled, within a period of 12 months from the date of death, to exercise the option up to the entitlement of such grantee as at the date of death;
- (iii) if a general offer (other than one by way of scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, the Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent specified by the Company pursuant to sub-paragraph (C)(ii) below at any time within such period as shall be specified by the Company;
- (iv) if a general offer by way of scheme of arrangement is made to all the holders of Shares and has been approved at the requisite meetings in the manner prescribed by the Companies Ordinance and the Takeovers Code, the Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be specified by the Company) exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent specified by the Company pursuant to sub-paragraph (C)(ii) below;
- (v) in the event a notice is given by the Company to the PCCW Shareholders to convene a PCCW Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be specified by the Company) exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent specified by the Company pursuant to sub-paragraph (C)(ii) below, and the Company shall as soon as possible, and in any event no later than three days prior to the date for which the PCCW Shareholders' meeting is convened, allot, issue and register in the name of the grantee such number of fully paid Shares as fall to be issued on exercise of such option; and
- (vi) in the event of any scheme of arrangement between the Company and its members and/or creditors (other than a scheme of arrangement contemplated in sub-paragraph (B)(iv) above), the Company shall, having given notice of the meeting to its members and/or creditors to consider such scheme, forthwith give notice of the same to the grantee, and the grantee may at any time thereafter (but before such time as shall be specified by the Company) exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent specified by the Company pursuant to sub-paragraph (C)(ii).

- (C) For the purpose of this paragraph 5:
- (i) any references to exercising an option shall refer to exercising that option up to the extent not already exercised;
 - (ii) pursuant to sub-paragraphs (B)(iii), (iv), (v) and (vi) above, the Company may, in its discretion, notwithstanding the terms of the relevant option, at the same time as giving the notice provided for under each of those sub-paragraphs, also give notification to a grantee that his or her option may be exercised at any time within such period as shall be specified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) specified by the Company; and
 - (iii) if the Company gives the notification under sub-paragraph (C)(ii) that an option can be exercised in part only, the balance of the option shall, on the giving of such notification, lapse.
- (D) The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date the name of the grantee (or his or her nominee or legal personal representative(s)) is registered on the register of members of the Company. Prior to the grantee (or his or her nominee or legal personal representative(s)) being so registered, the grantee (or his or her nominee or legal personal representative(s)) shall not have any voting, dividend, transfer and other rights (including those arising on a liquidation of the Company) in respect of the Shares to be allotted and issued upon the exercise of the option.

6. EXPIRY OF OPTION

- (A) An option shall lapse automatically (to the extent not already exercised) on the earliest of:
- (i) the close of business on the expiry date of the option;
 - (ii) the expiry of any of the periods referred to in paragraph 4(B) above;
 - (iii) subject to paragraph 5(B)(v) above, the date of commencement of the winding-up of the Company;

- (iv) in the case of a grantee who is a PCCW Employee Participant, the date on which:
- (a) he or she ceases to be an employee, following his or her resignation from the employment of any member of PCCW Group (unless the PCCW Board determines otherwise (and whether such determination is made before or after the date of such cessation), in which event the option shall lapse after such period, not being more than one month after the date of cessation, as the PCCW Board may determine); or
 - (b) his or her employment with any member of PCCW Group is terminated on the grounds that he or she is summarily dismissed, is guilty of serious misconduct, is declared bankrupt or makes an arrangement or composition with his or her creditors generally, or is convicted of any criminal offence involving his or her integrity or honesty;
- (v) in the case of a grantee which is not an individual, the date on which it appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or becomes insolvent or makes any arrangement or composition with its creditors generally; or
- (vi) the date on which the PCCW Board exercises the Company's right to cancel the option at any time after the grantee commits a breach of paragraph 2(E) above.

A resolution of the PCCW Board to the effect that the employment of a grantee has been terminated, on one or more of the grounds specified in sub-paragraph 6(A)(iv)(b) above shall be conclusive evidence thereof.

- (B) If the grantee is an employee of any member of PCCW Group then, notwithstanding any other term of the PCCW New Share Option Scheme or of the grant of the relevant option (but subject always to any waiver or extension granted by the PCCW Board), such option shall lapse automatically (to the extent not already exercised) should he or she cease to be so employed for any reason whatsoever (including his or her death) during the 12-month period following the date of grant.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

The total number of new Shares which may be issued pursuant to the exercise of options granted under the PCCW New Share Option Scheme must not exceed 10% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Option Scheme), subject to the PCCW Scheme Mandate Limit.

Within the Scheme Limit (PCCW New Share Option Scheme), the total number of new Shares which may be issued pursuant to the exercise of options granted to PCCW Service Providers shall be no more than 0.5% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Option Scheme).

As at the Latest Practicable Date, there were 7,739,638,249 Shares in issue. Assuming there is no change to the number of issued Shares between the Latest Practicable Date and the Adoption Date (PCCW New Share Option Scheme), the Scheme Limit (PCCW New Share Option Scheme) will be 773,963,824 Shares and the Service Provider Sublimit (PCCW New Share Option Scheme) will be 38,698,191 Shares, in each case subject to the PCCW Scheme Mandate Limit.

The total number of new Shares which may be issued in respect of all options and awards granted and to be granted under the PCCW New Share Option Scheme and all other PCCW Share Scheme(s) which are funded by the issue of new Shares, must not exceed the PCCW Scheme Mandate Limit.

8. CAPITAL RESTRUCTURING

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, conversion of Shares into a larger or smaller number of Shares in accordance with Section 170 of the Companies Ordinance or reduction of share capital of the Company in accordance with Division 3 of Part 5 of the Companies Ordinance (except on an issue of securities by the Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment), such corresponding alterations (if any) shall be made in:

- (i) the number of Shares subject to any option so far as such option remains unexercised; and/or
- (ii) the exercise price of the option,

or any combination thereof, in accordance with the Listing Rules.

Any such alterations must give an Eligible PCCW Participant the same proportion of the equity capital, rounded to the nearest whole Share, as that to which that person was previously entitled but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value (if any). In respect of any such adjustments, other than any made on a capitalisation issue, PCCW's Auditors or an independent financial adviser engaged by the Company for this purpose must confirm to the PCCW Directors in writing that the adjustments satisfy the requirements set out in the Listing Rules.

9. ALTERATION OF THE SCHEME

(A) Subject to sub-paragraph (B) below, the PCCW Board may amend any of the provisions of the PCCW New Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the PCCW New Share Option Scheme, which are not required by the Listing Rules) at any time, but not so as to affect adversely any rights which have accrued to any grantee at that date except with:

- (i) the consent in writing of all such grantees; or
- (ii) (in the case of a proposed amendment affecting all grantees) the sanction of a special resolution passed at a duly convened and held meeting of those grantees holding options unexercised at the time at which the resolution is carried by a majority consisting of not less than three fourths of the votes cast on a poll,

in either case, supported by consideration (if any), as may be necessary to give legal effect to the amendment.

(B) (i) Any provisions of the PCCW New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of grantees or prospective grantees; and (ii) no changes to the authority of the PCCW Directors or scheme administrators in relation to any alteration of the terms of the PCCW New Share Option Scheme, or to the terms and conditions of the PCCW New Share Option Scheme which are of a material nature shall be made, without the prior approval of PCCW Shareholders in general meeting. Any change to the terms of an option granted shall not be effective unless approved by the PCCW Board, the PCCW Remuneration Committee, the PCCW INEDs and/or the PCCW Shareholders in general meeting (as the case may be), if the initial grant of the option was approved by the PCCW Board, the PCCW Remuneration Committee, the PCCW INEDs and/or the PCCW Shareholders in general meeting (as the case may be), except where the alterations take effect automatically under the existing terms of the PCCW New Share Option Scheme. The PCCW New Share Option Scheme or any option so altered must comply with the Listing Rules.

10. TERMINATION

The Company by resolution in general meeting or the PCCW Board may at any time terminate the operation of the PCCW New Share Option Scheme and in such event no further options shall be granted thereunder but in all other respects the provisions of the PCCW New Share Option Scheme shall in all other respects remain in force and options granted prior to such termination shall continue to be valid and exercisable in accordance with the PCCW New Share Option Scheme.

11. COMPANY'S CASH ELECTION

Notwithstanding any other provision of the PCCW New Share Option Scheme, the PCCW Board shall be entitled at its discretion at any time and from time to time to cancel any option, either in whole or in part, after notice of exercise thereof has been given by the grantee, but before the Company has issued and allotted any Shares pursuant to the exercise of that option, by giving notice in writing to the grantee stating that such option is thereby cancelled.

If any option shall be cancelled pursuant to the foregoing, the grantee shall, subject as hereinafter provided, be entitled to receive from the Company a refund of the aggregate exercise price paid on exercise of such option together with an additional payment in cash to compensate him or her for such cancellation calculated in accordance with the formula below. Such refund and payment shall be made within 14 business days of the Company giving notice of such cancellation and once made the grantee shall have no other claim against the Company in connection with any option so cancelled.

The amount of any additional payment shall be calculated by reference to the following formula:

$$(A \times B) - C$$

where

- A is the number of Shares that would have been issued on exercise of the option had it not been cancelled (the “**Applicable Shares**”);
- B is the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five days last preceding the date on which the Company receives notice of exercise of the option on which days it has been possible to trade Shares on the Stock Exchange; and
- C is the aggregate exercise price for the Applicable Shares,

provided that if the calculation shall result in a negative figure it shall be deemed to be zero.

Any payment made by the Company will be dealt with in accordance with the applicable laws and generally accepted accounting principles in force at the time of such payment.

The following is a summary of the principal terms of the HKT New Share Stapled Unit Award Scheme proposed to be adopted at the AGM. It does not form part of, nor is it intended to be part of, the rules of the HKT New Share Stapled Unit Award Scheme.

1. PURPOSE OF THE SCHEME

The objectives of the HKT New Share Stapled Unit Award Scheme are to:

- (i) recognise the contributions by certain Selected HKT Participants with an opportunity to acquire a proprietary interest in the HKT Trust and HKT;
- (ii) give incentives to such individuals in order to encourage and retain them for the continual operation and development of HKT Group;
- (iii) provide additional incentives for such individuals to achieve performance goals;
- (iv) attract suitable personnel for further development of HKT Group; and
- (v) motivate the Selected HKT Participants to maximise the value of the HKT Trust and HKT for the benefit of the Selected HKT Participants, the HKT Trust and HKT,

with a view to achieving the objectives of increasing the value of HKT Group and aligning the interests of the Selected HKT Participants directly with those of the Holders of Share Stapled Units through ownership of Share Stapled Units.

2. WHO MAY JOIN AND CRITERIA FOR DETERMINING ELIGIBILITY

Subject to the rules of the HKT New Share Stapled Unit Award Scheme, the HKT Approving Body may, in its absolute discretion, grant awards to any Eligible HKT Participant (other than an Excluded Person) and determine the number of Share Stapled Units to be granted.

In determining the eligibility of Eligible HKT Participants, the HKT Approving Body will take into consideration matters including:

- (i) the present contribution and expected contribution of the Selected HKT Participant to HKT Group's profits;
- (ii) HKT Group's general financial condition;
- (iii) HKT Group's overall business objectives and future development plan; and
- (iv) the Selected HKT Participant's individual performance, time commitment to HKT Group, job responsibilities and function, and existing remuneration package.

In assessing the eligibility of HKT Service Providers, the HKT Approving Body will take into consideration the following additional criteria: (i) the expertise, qualifications and industry experience of the HKT Service Provider; (ii) the length of relationship between the HKT Service Provider and HKT Group; and (iii) the track record of the HKT Service Provider in delivering quality services.

3. ADMINISTRATION

The HKT New Share Stapled Unit Award Scheme is subject to the administration of the HKT Approving Body and the trustee. The decision of the HKT Approving Body and the trustee regarding the administration and operation of the HKT New Share Stapled Unit Award Scheme will be final and binding on all parties.

4. PURCHASE AND SUBSCRIPTION OF SHARE STAPLED UNITS

The HKT Approving Body may, in its absolute discretion, notify the trustee from time to time to purchase Share Stapled Units on the Stock Exchange before any Eligible HKT Participant is selected to be a Selected HKT Participant for an award in respect of such Share Stapled Units, and to hold the same for any award for future Selected HKT Participants to be determined by the HKT Approving Body (together with other Share Stapled Units made available to and held under the trust from time to time, the “**Trustee Share Stapled Units**”).

The HKT Approving Body may, in its absolute discretion, at any time after taking into account the number of Trustee Share Stapled Units held by the trustee, cause to be paid the Trustee Share Stapled Units Purchase Amount into the trust bank account to enable the trustee to purchase Share Stapled Units for the purpose of granting awards under the HKT New Share Stapled Unit Award Scheme. The “**Trustee Share Stapled Units Purchase Amount**” is the sum of (X) the total purchase price of the Share Stapled Units to be purchased on the Stock Exchange and to be held as Trustee Share Stapled Units and (Y) the related purchase expenses.

The HKT Approving Body may, in its absolute discretion, at any time after the date of grant of an award, cause to be paid the HKT Award Grant Amount into the trust bank account for the purchase and/or subscription of Grant Share Stapled Units in respect of the award. The “**HKT Award Grant Amount**” is the sum of (X) (a) the closing price of the Share Stapled Units as quoted on the Stock Exchange as at the date of grant (or any other date as may be determined by the HKT Approving Body) multiplied by the number of Grant Share Stapled Units comprised in the award granted to the Selected HKT Participant (where Share Stapled Units for the award are to be purchased on the Stock Exchange) or (b) a nominal amount per Share Stapled Unit (as directed by the HKT Approving Body) multiplied by the number of new Share Stapled Units to be jointly issued by the HKT Trust and HKT as Grant Share Stapled Units comprised in the award granted to the Selected HKT Participant (where new Share Stapled Units for the award are to be jointly issued by the HKT Trust and HKT) and (Y) the related purchase or subscription expenses.

In respect of the purchase of Share Stapled Units on the Stock Exchange to be used as Grant Share Stapled Units under an award or to be held as Trustee Share Stapled Units for future grants, at any time after the date of grant (where Share Stapled Units are purchased for an award) or as instructed by the HKT Approving Body (where Share Stapled Units are purchased to be held as Trustee Share Stapled Units), the trustee will apply the HKT Award Grant Amount and Trustee Share Stapled Units Purchase Amount, respectively, towards the purchase of Share Stapled Units on the Stock Exchange.

In respect of the subscription of new Share Stapled Units to be jointly issued by the HKT Trust and HKT for awards, at any time after the date of grant, the trustee will apply the HKT Award Grant Amount towards the subscription of Share Stapled Units at a nominal amount per Share Stapled Unit as directed by the HKT Approving Body.

5. MAXIMUM NUMBER OF SHARE STAPLED UNITS

The total number of new Share Stapled Units which may be awarded under the HKT New Share Stapled Unit Award Scheme shall be no more than 10% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Award Scheme), subject to the HKT Scheme Mandate Limit.

Within the Scheme Limit (HKT New Share Stapled Unit Award Scheme), the total number of new Share Stapled Units which may be awarded to HKT Service Providers shall be no more than 0.5% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Award Scheme).

As at the Latest Practicable Date, there were 7,579,742,334 Share Stapled Units in issue. Assuming there is no change to the number of issued Share Stapled Units between the Latest Practicable Date and the Adoption Date (HKT New Share Stapled Unit Award Scheme), the Scheme Limit (HKT New Share Stapled Unit Award Scheme) will be 757,974,233 Share Stapled Units and the Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme) will be 37,898,711 Share Stapled Units, in each case subject to the HKT Scheme Mandate Limit.

There is no limit on the number of existing Share Stapled Units which may be awarded to Selected HKT Participants under the HKT New Share Stapled Unit Award Scheme.

The total number of new Share Stapled Units which may be issued in respect of all options and awards granted and to be granted under the HKT New Share Stapled Unit Award Scheme and all other scheme(s) of the HKT Trust and HKT (each a “**HKT Share Scheme**”) which are funded by the issue of new Share Stapled Units, must not exceed 10% of the total number of Share Stapled Units in issue as at the date of approval by Holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company) PCCW Shareholders of the HKT Share Scheme or a refreshment of the scheme mandate under the HKT Share Scheme, whichever is later (the “**HKT Scheme Mandate Limit**”).

No award may be granted to any one Eligible HKT Participant such that the total number of Share Stapled Units issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of the latest grant exceeds in aggregate 1% of the total issued Share Stapled Units, unless the grant is separately approved by Holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company) PCCW Shareholders in general meeting, with such grantee and his close associates (or associates, if the grantee is a connected person) abstaining from voting.

6. GRANT OF AWARDS TO CONNECTED PERSONS

Any grant of awards of new Share Stapled Units to a HKT Director, chief executive of the Trustee-Manager or HKT or Substantial Holder of Share Stapled Units, or any of their respective associates, or to a PCCW Director, chief executive of PCCW or substantial shareholder of PCCW, or any of their respective associates, must be approved by the HKT INEDs (excluding any HKT INED who is the prospective grantee) and, if required by the Listing Rules, the PCCW INEDs (excluding any PCCW INED who is the prospective grantee).

Where awards of new Share Stapled Units are proposed to be granted under the HKT New Share Stapled Unit Award Scheme to a HKT Director (other than a HKT INED) or chief executive of the Trustee-Manager or HKT or any of their respective associates, and the proposed grant of awards would result in the Share Stapled Units issued and to be issued in respect of all awards involving the issue of new Share Stapled Units (regardless of whether such awards are granted under the HKT New Share Stapled Unit Award Scheme or another HKT Share Scheme, but excluding any awards lapsed in accordance with the terms of the corresponding scheme) granted to such person in the 12-month period up to and including the date of grant of such awards representing in aggregate over 0.1% of the total issued Share Stapled Units, the proposed grant of awards must be approved by Holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company and if required by the Listing Rules) where (a) the prospective grantee is both a HKT Director (other than a HKT INED) or chief executive of the Trustee-Manager or HKT and a PCCW Director (other than a PCCW INED) or chief executive of PCCW, or any of their respective associates; or (b) the prospective grantee is not a HKT Director or chief executive of the Trustee-Manager or HKT but is a PCCW Director (other than a PCCW INED) or chief executive of PCCW, or any of their respective associates; or (c) the Listing Rules so require, by PCCW Shareholders, in general meeting.

Where awards of new Share Stapled Units under the HKT New Share Stapled Unit Award Scheme and/or options over new Share Stapled Units under any share scheme that may be adopted by the HKT Trust and HKT are proposed to be granted to a HKT INED or a Substantial Holder of Share Stapled Units or any of their respective associates, and the proposed grant of awards and/or options would result in the Share Stapled Units issued and to be issued in respect of all (i) options and (ii) awards involving the issue of new Share Stapled Units (regardless of whether such options; and awards are granted under the HKT New Share Stapled Unit Award Scheme or another HKT Share Scheme, but excluding any options and awards lapsed in accordance with the terms of the corresponding scheme) granted to such person in the 12-month period up to and including the date of grant of such awards representing in aggregate over 0.1% of the total issued Share Stapled Units, the proposed grant of awards and/or options must be approved by Holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company and if required by the Listing Rules) where (a) the prospective grantee is both a HKT INED and a PCCW INED or a Substantial Holder of Share Stapled Units and a substantial shareholder of PCCW, or any of their respective associates; or (b) the prospective grantee is not a HKT INED but is a PCCW INED or not a Substantial Holder of Share Stapled Units but is a substantial shareholder of PCCW, or any of their respective associates; or (c) the Listing Rules so require, by PCCW Shareholders, in general meeting.

7. ACCEPTANCE OF AWARDS

After the HKT Approving Body has selected an Eligible HKT Participant (other than an Excluded Person) to be a Selected HKT Participant and determined the number of Share Stapled Units to be granted (the “**Grant Share Stapled Units**”) to the Selected HKT Participant, it will notify the Selected HKT Participant about the details of the award in writing by way of a grant letter (“**HKT Grant Letter**”).

Upon receipt of the HKT Grant Letter, the Selected HKT Participant is required to confirm his acceptance of the award by returning to the Trustee-Manager and HKT a notice of acceptance duly executed by him within 28 days after the date of grant (the “**HKT Acceptance Period**”). If any Selected HKT Participant fails to return the notice of acceptance to the Trustee-Manager and HKT before the expiration of the HKT Acceptance Period, the award will be deemed not to have taken effect and automatically lapses forthwith on the day following the last day of the HKT Acceptance Period. No purchase price is payable by Selected HKT Participants upon acceptance or vesting of awards made under the HKT New Share Stapled Unit Award Scheme.

8. CONDITIONS OF AWARDS

The HKT Approving Body is entitled to impose any conditions (including, without limitation, a period of continued service with HKT Group after the date of grant) as it deems appropriate with respect to the entitlement of the Selected HKT Participant to an award, and the HKT Approving Body will inform the Selected HKT Participant by way of the HKT Grant Letter of, among other things, the number of Grant Share Stapled Units, the terms, conditions (e.g. performance conditions) (if any), restrictions (if any) and vesting schedule of his award.

There is no clawback mechanism to recover or withhold awards that have been made to Selected HKT Participants.

9. VESTING SCHEDULE

The vesting period of an award of Share Stapled Units must be at least 12 months, except that the HKT Approving Body may in its absolute discretion apply a shorter vesting period to awards granted to HKT Employee Participants in the following circumstances:

- (i) grants with performance-based vesting conditions provided in the HKT New Share Stapled Unit Award Scheme or as specified in the HKT Grant Letter in lieu of time-based vesting criteria;
- (ii) grants of awards that are made in batches during a year due to administrative or compliance requirements which may be subject to any changes made to the applicable laws, regulations and rules in the jurisdictions which the Selected HKT Participants and HKT Group are subject to and not connected with the performance of the relevant Selected HKT Participant, including awards that should have been granted earlier if not for such administrative or compliance requirements but had to wait for subsequent batch, in which case the vesting period may be shortened to reflect the time from which the awards would have been granted if not for such administrative or compliance requirements;
- (iii) grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months, or where the awards may vest by several batches with the first batch to vest within 12 months of the date of grant and the last batch to vest 12 months after the date of grant;
- (iv) grants with a total vesting and holding period of more than 12 months; and
- (v) in the circumstances set out in paragraphs 13 and 14 below.

10. PERFORMANCE TARGETS

Vesting of awards may be subject to performance targets being met, as determined by the HKT Approving Body. Performance targets may comprise a combination of key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores) to be attained, and may vary among Selected HKT Participants having regard to their role, length of employment or service, duties and responsibilities and the time of the grant.

For the avoidance of doubt, performance targets will not apply to award(s) which may be made to HKT INEDs.

11. RESTRICTIONS AND LIMITATIONS

An award is personal to the Selected HKT Participant and is neither assignable nor transferable, unless a waiver has been granted by the Stock Exchange.

No award may be granted by the HKT Approving Body to any Selected HKT Participant, no Share Stapled Units may be issued or allotted under the HKT New Share Stapled Unit Award Scheme and no instructions to acquire any Share Stapled Units may be given to the trustee where dealings in the Share Stapled Units are prohibited under the Listing Rules and/or applicable laws from time to time. Without limiting the generality of the foregoing, no such grant or issue or allotment is to be made and such instruction is to be given:

- (i) where the Trustee-Manager and/or HKT have information that must be disclosed under Rule 13.09 of the Listing Rules or where the Trustee-Manager and/or HKT reasonably believe there is inside information which must be disclosed under Part XIVA of the SFO, until (and including) the trading date after such inside information has been published on the websites of the Stock Exchange and HKT; or
- (ii) after any inside information in relation to the HKT Trust's and HKT's securities has occurred or has become the subject of a decision, until such inside information has been published; or
- (iii) during the period commencing one month immediately before the earlier of (a) the date of a meeting of the HKT Board (as such date is first notified to the Stock Exchange) for the approval of the HKT Trust's and HKT's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules) and (b) the deadline for the HKT Trust and HKT to publish their annual, interim or quarterly results announcement for any such period, and ending on the date of such announcement; or

- (iv) (in relation to a grantee or prospective grantee who is a HKT Director) during (a) the period of 60 days immediately preceding the publication date of the HKT Trust's and HKT's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results, and (b) the period of 30 days immediately preceding the publication date of the HKT Trust's and HKT's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; or
- (v) in any other circumstances where dealings by a Selected HKT Participant (including a HKT Director) are prohibited under the Listing Rules, the SFO or other applicable laws or regulations or where the requisite approval from applicable regulatory authorities has not been granted.

No award of Share Stapled Units may be made or announced and no issue or allotment of Share Stapled Units pursuant to the HKT New Share Stapled Unit Award Scheme may be made, for a period of 30 days after any purchase by the HKT Trust and HKT of Share Stapled Units whether on the Stock Exchange or otherwise, unless with the prior approval of the Stock Exchange.

12. VESTING CONDITIONS

Vesting of awards is subject to (i) satisfaction of the vesting condition(s), if any, attached to the award as stipulated in the HKT Grant Letter; and (ii) the Selected HKT Participant remaining at all times after the date of grant and on the date of vesting, an Eligible HKT Participant.

Without prejudice to the generality of the foregoing, a Selected HKT Participant ceases to be an Eligible HKT Participant if:

- (i) his employment or service with HKT Group or a HKT Related Entity (as the case may be) has been terminated for Cause (HKT). “Cause (HKT)” means:
 - (a) dishonesty or serious misconduct, whether or not in connection with his employment or service; wilful disobedience or non-compliance with the terms of his employment or service contract with, or any lawful orders or instructions given by, a HKT Group member or HKT Related Entity (as applicable); or
 - (b) incompetence or negligence in the performance of his duties; or
 - (c) doing anything which, in the conclusive opinion of the HKT Approving Body, adversely affects his ability to perform his duties properly or would or might bring a HKT Group member or HKT Related Entity into disrepute; or
- (ii) he has been summarily dismissed by a HKT Group member or HKT Related Entity; or

- (iii) he has been convicted for any criminal offence involving his integrity or honesty; or
- (iv) he has been charged, convicted or held liable for any offence under the securities laws in Hong Kong or any other applicable laws or regulations in force from time to time; or
- (v) he could no longer contribute to the growth and development of HKT Group by reason of cessation of his relations with HKT Group or by any other reason whatsoever.

13. LAPSE OF AWARDS

If prior to or on the date of vesting in respect of an award, (i) the Selected HKT Participant ceases to be an Eligible HKT Participant; (ii) the Selected HKT Participant dies; or (iii) an order for the winding-up of the HKT Trust and/or HKT is made or a resolution is passed for the voluntary winding-up of the HKT Trust and/or HKT (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the HKT Trust or HKT (as the case may be) pass to a successor company), the award will automatically lapse forthwith and the underlying Share Stapled Units will not vest on the date of vesting.

If prior to or on the date of vesting in respect of an award, the Selected HKT Participant's employment or service with a HKT Group member or HKT Related Entity is terminated by reason of retirement or permanent physical/mental disablement, the award will automatically lapse forthwith, except that the HKT Approving Body may in its absolute discretion decide to vest all or part of the award by notice to the Selected HKT Participant subject to compliance with the Listing Rules.

14. RIGHTS UPON CHANGE IN CONTROL

If an offer by way of takeover, merger, scheme of arrangement or otherwise is made to all Holders of Share Stapled Units (or all such Holders of Share Stapled Units other than the offeror, any person controlled by the offeror and any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to or on the date of vesting in respect of an award, the award will immediately vest on the date on which the offer becomes or is declared unconditional, provided that no event of Cause (HKT) has occurred in relation to the Selected HKT Participant and subject to compliance with the Listing Rules.

15. REORGANISATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the HKT Trust or HKT while any award remains unvested, such as capitalisation issue, rights issue or subdivision or consolidation of Share Stapled Units or reduction of share capital of HKT and Units, the HKT Approving Body will determine (if appropriate) and make alterations (if any) to the number of Share Stapled Units underlying the award so far as unvested.

Any such alteration must give a Selected HKT Participant the same proportion of the equity capital as that to which that person was previously entitled but no such adjustments may be made to the extent that a Share Stapled Unit would be issued at less than its nominal value (if any). In respect of any such adjustments, other than any made on a capitalisation issue, HKT's Auditors or an independent financial adviser engaged by the HKT Trust and HKT for this purpose must confirm to the HKT Directors in writing that the adjustments satisfy the requirements set out in the Listing Rules.

16. RANKING OF SHARE STAPLED UNITS

The Share Stapled Units purchased or issued pursuant to the HKT New Share Stapled Unit Award Scheme will be subject to all the provisions of the HKT Articles and the Trust Deed for the time being in force and will rank *pari passu* in all respects with other Share Stapled Units in issue on the date they are transferred to the Selected HKT Participant and accordingly, will entitle the holders to the same voting, dividend, transfer and other rights (including those arising on liquidation of the HKT Trust and HKT) as the existing fully paid Share Stapled Units in issue on the date on which they are transferred upon vesting of an award.

17. PERIOD OF THE SCHEME

The HKT New Share Stapled Unit Award Scheme will be valid and effective for a period of 10 years commencing on the Adoption Date (HKT New Share Stapled Unit Award Scheme), subject to early termination by the HKT Board.

18. AMENDMENT AND TERMINATION

Any (i) alterations to the terms and conditions of the HKT New Share Stapled Unit Award Scheme which are of a material nature; (ii) alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Selected HKT Participants or prospective Selected HKT Participants; and (iii) change to the authority of the HKT Directors or scheme administrators to alter the terms of the HKT New Share Stapled Unit Award Scheme, must be approved by Holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company) PCCW Shareholders, in general meeting.

Save for the foregoing amendments, the HKT New Share Stapled Unit Award Scheme may be amended in any respect by a resolution of the HKT Board provided that no such amendment may operate to affect adversely any subsisting rights of any Selected HKT Participant under the HKT New Share Stapled Unit Award Scheme unless: (i) the written consent of the Selected HKT Participant is obtained; or (ii) with the sanction of a special resolution passed at a meeting of all Selected HKT Participants.

Any proposed amendment to the terms of an award already granted to a Selected HKT Participant must be approved by the HKT Approving Body, the HKT Remuneration Committee, the HKT INEDs, the Holders of Share Stapled Units and/or PCCW Shareholders (as the case may be), if the initial grant of the award was approved by the HKT Approving Body, the HKT Remuneration Committee, the HKT INEDs, the Holders of Share Stapled Units and/or PCCW Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the HKT New Share Stapled Unit Award Scheme.

The HKT Board may at any time terminate the operation of the HKT New Share Stapled Unit Award Scheme prior to the 10th anniversary of its adoption, provided that such termination does not affect any subsisting rights of any Selected HKT Participant and in such event, the HKT Approving Body will notify the trustee in writing of the early termination. The trustee will, within 21 business days of receiving the notice of termination (or such longer time as the trustee and the HKT Approving Body may agree from time to time) and subject to instructions from the HKT Approving Body, treat as vested all awards which as at the date of such notice are unvested and have not lapsed pursuant to the rules of the HKT New Share Stapled Unit Award Scheme, subject to paragraph 9(v) above and compliance with the Listing Rules.

19. CANCELLATION

An award that has not vested may be cancelled by the HKT Approving Body with the consent of the Selected HKT Participant.

For the avoidance of doubt, where the HKT Approving Body cancels awards granted to a Selected HKT Participant and makes a new grant to the same Selected HKT Participant, such new grant may only be made within the available Scheme Limit (HKT New Share Stapled Unit Award Scheme) and if applicable, the Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme), and the HKT Scheme Mandate Limit. Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit (HKT New Share Stapled Unit Award Scheme) and if applicable, the Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme), and the HKT Scheme Mandate Limit.

APPENDIX 6 SUMMARY OF THE PRINCIPAL TERMS OF THE HKT NEW SHARE STAPLED UNIT OPTION SCHEME

The following is a summary of the principal terms of the HKT New Share Stapled Unit Option Scheme (texts shown in strikethrough denote deletions and in underline denote additions, to the principal terms of the HKT Existing Share Stapled Unit Option Scheme for illustration purposes only) proposed to be adopted at the AGM. It does not form part of, nor is it intended to be part of, the rules of the HKT New Share Stapled Unit Option Scheme.

1. PURPOSE OF THE SCHEME

The purpose of the HKT New Share Stapled Unit Option Scheme is to enable the HKT Trust and HKT, acting jointly by mutual agreement between them, to grant options to ~~full-time or part-time employees, directors (including executive, non-executive or independent non-executive) and any consultants or advisers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and/or business partner of HKT and/or any of its subsidiaries (the “Eligible HKT Participants”)~~ Eligible HKT Participants as incentives or rewards for their contribution to the growth of HKT Group and to provide HKT Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible HKT Participants.

2. TERMS OF THE SCHEME

(a) Who may join

The HKT Board may, at its absolute discretion, offer the Eligible HKT Participants, options to subscribe for such number of Share Stapled Units as the HKT Board may determine at a subscription price determined in accordance with sub-paragraph (b) below, and subject to the other terms of the HKT New Share Stapled Unit Option Scheme summarised below.

An offer of grant of an option shall remain open for acceptance by the Eligible HKT Participant concerned for such period as determined by the HKT Board, which period shall not be more than 14 days from the date of the offer, provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date or after the HKT New Share Stapled Unit Option Scheme has been terminated in accordance with the provisions thereof. No consideration is payable by the grantee on acceptance of an option.

**APPENDIX 6 SUMMARY OF THE PRINCIPAL TERMS OF THE HKT NEW
SHARE STAPLED UNIT OPTION SCHEME**

The basis of eligibility of any Eligible HKT Participant for the grant of any option shall be determined by the HKT Board from time to time, based on who, in the opinion of the HKT Directors, has contributed or will contribute to the development and growth of HKT Group. When determining the eligibility of any Eligible HKT Participant, the HKT Board will take into account such factors as the HKT Board may at its discretion consider appropriate on a case-by-case basis, including each Eligible HKT Participant's contribution or future contribution to HKT Group and HKT Group's need to develop, retain, motivate or otherwise maintain the business relationship with the Eligible HKT Participant. In assessing the eligibility of a HKT Service Provider, the HKT Board may take into consideration specific criteria including:

- (i) the expertise, qualifications and industry experience of the HKT Service Provider;
- (ii) the length of relationship between the HKT Service Provider and HKT Group; and
- (iii) the track record of the HKT Service Provider in delivering quality services.

(b) Price of Share Stapled Units

The subscription price for Share Stapled Units in respect of any particular option granted under the HKT New Share Stapled Unit Option Scheme shall be such price as the HKT Board shall determine, provided that such price shall not be less than the highest of (i) the closing price per Share Stapled Unit on the main board as stated in the Stock Exchange's daily quotations sheet on the proposed date of grant offer of the option, which must be a business day; (ii) the average closing price per Share Stapled Unit on the main board as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the proposed date of grant offer of the option, and (iii) the nominal value of a Share Stapled Unit.

(c) Maximum number of Share Stapled Units

The total number of new Share Stapled Units which may be issued pursuant to the exercise of options granted under the HKT New Share Stapled Unit Option Scheme must not exceed 10% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Option Scheme), subject to the HKT Scheme Mandate Limit.

Within the Scheme Limit (HKT New Share Stapled Unit Option Scheme), the total number of new Share Stapled Units which may be issued pursuant to the exercise of options granted to HKT Service Providers must not exceed 0.5% of the total number of the Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Option Scheme).

APPENDIX 6 SUMMARY OF THE PRINCIPAL TERMS OF THE HKT NEW SHARE STAPLED UNIT OPTION SCHEME

As at the Latest Practicable Date, there were 7,579,742,334 Share Stapled Units in issue. Assuming there is no change to the number of issued Share Stapled Units between the Latest Practicable Date and the Adoption Date (HKT New Share Stapled Unit Option Scheme), the Scheme Limit (HKT New Share Stapled Unit Option Scheme) will be 757,974,233 Share Stapled Units and the Service Provider Sublimit (HKT New Share Stapled Unit Option Scheme) will be 37,898,711 Share Stapled Units, in each case subject to the HKT Scheme Mandate Limit.

The total number of new Share Stapled Units which may be issued in respect of all options and awards granted and to be granted under the HKT New Share Stapled Unit Option Scheme and all other HKT Share Scheme(s) which are funded by the issue of new Share Stapled Units, must not exceed the HKT Scheme Mandate Limit.

Notwithstanding any other provisions of the HKT New Share Stapled Unit Option Scheme, no option may be granted under the HKT New Share Stapled Unit Option Scheme if the exercise of the option may result in PCCW ceasing to hold at least 51% of the total number of Share Stapled Units in issue (on a fully diluted basis assuming full conversion or exercise of all outstanding options and other rights of subscription, conversion and exchange for Share Stapled Units).

~~In addition, as prescribed by the Listing Rules, the maximum aggregate number of Share Stapled Units which may be issued upon exercise of all outstanding options granted and yet to be exercised under the HKT Existing Share Stapled Unit Option Scheme and any other share option schemes of the HKT Trust and HKT must not exceed 30% of the issued Share Stapled Units from time to time. No options may be granted under the HKT Existing Share Stapled Unit Option Scheme if this will result in such limit being exceeded.~~

~~Subject to the limitation set forth in the HKT Existing Share Stapled Unit Option Scheme, as required by the Listing Rules, the total number of Share Stapled Units which may be issued upon exercise of all options to be granted under the HKT Existing Share Stapled Unit Option Scheme and any other share option schemes of the HKT Trust and HKT must not, in aggregate, exceed 10% of the issued Share Stapled Units as at the adoption date (the “**Scheme Mandate Limit**”) unless the approval of Holders of Share Stapled Units has been obtained pursuant to terms of the HKT Existing Share Stapled Unit Option Scheme. Any options lapsed in accordance with the terms of the HKT Existing Share Stapled Unit Option Scheme or any other share option scheme of the HKT Trust and HKT shall not be counted for the purpose of calculating the HKT Scheme Mandate Limit.~~

**APPENDIX 6 SUMMARY OF THE PRINCIPAL TERMS OF THE HKT NEW
SHARE STAPLED UNIT OPTION SCHEME**

Unless approved by the Holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company) PCCW Shareholders in the manner set out in this paragraph, the total number of Share Stapled Units issued and to be issued upon exercise of options and/or awards involving new Share Stapled Units granted (whether under the HKT New Share Stapled Unit Option Scheme or another HKT Share Scheme) to each Eligible HKT Participant ~~(including both exercised and outstanding options under the HKT Existing Share Stapled Unit Option Scheme)~~ (excluding options and/or awards lapsed in accordance with the terms of the corresponding scheme) in any 12-month period must not exceed 1% of the issued Share Stapled Units. Where any further grant of options to an Eligible HKT Participant would result in the total number of Share Stapled Units issued and to be issued upon exercise of all options and/or awards involving new Share Stapled Units granted and to be granted (whether under the HKT New Share Stapled Unit Option Scheme or another HKT Share Scheme) to such Eligible HKT Participant ~~(including exercised, cancelled and outstanding options under the HKT Existing Share Stapled Unit Option Scheme)~~ (excluding options and/or awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued Share Stapled Units as at the date of such further grant, such further grant must be subject to the separate approval of an ordinary resolution of Holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company) PCCW Shareholders in general meeting, with such Eligible HKT Participant and his/her close associates (or his/her associates if the Eligible HKT Participant is a connected person) abstaining from voting. A circular must be sent to the Holders of Share Stapled Units and if applicable, PCCW Shareholders, containing all the terms required under the Listing Rules.

(d) Restrictions on grant of options

No offer or grant of an option shall be made after inside information has come to the knowledge of the Trustee-Manager and/or HKT, until and including the trading day after such inside information has been announced in accordance with the relevant requirements of the Listing Rules and, in particular, no Eligible HKT Participant shall be granted an option:

- (i) during the period commencing one month immediately before the earlier of: (a) the date of meeting of the HKT Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the annual results, the interim results or the quarterly or any other interim period results of the HKT Trust and HKT (whether or not required under the Listing Rules); and (b) the deadline for the HKT Trust and HKT to announce ~~its~~their annual results; or interim results under the Listing Rules, or quarterly results under the Listing Rules or any other interim period results (whether or not required under the Listing Rules), and ending on the date of announcement for such results; or

**APPENDIX 6 SUMMARY OF THE PRINCIPAL TERMS OF THE HKT NEW
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- (ii) (in relation to a grantee or prospective grantee who is a HKT Director) during (a) the period of 60 days immediately preceding the publication date of the HKT Trust's and HKT's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results, and (b) the period of 30 days immediately preceding the publication date of the HKT Trust's and HKT's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

For the avoidance of doubt, no options may be granted during any period of delay in publishing a results announcement.

Any grant of options to a HKT Director, a chief executive of the Trustee-Manager or HKT or a Substantial Holder of Share Stapled Units, or any of their respective associates, or to a PCCW Director, chief executive of PCCW or substantial shareholder of PCCW, or any of their respective associates, must be approved by all of the HKT INEDs (excluding any HKT INED who is the grantee of the options) and, if required by the Listing Rules, the PCCW INEDs (excluding any PCCW INED who is the grantee of the options).

Where options are proposed to be granted to a Substantial Holder of Share Stapled Units or a HKT INED or any of their respective associates, and the proposed grant of options would result in the total number of Share Stapled Units issued and to be issued in respect upon exercise of all options and awards already granted and to be granted (including options exercised, cancelled and outstanding) (whether under the HKT New Share Stapled Unit Option Scheme or another HKT Share Scheme, but excluding options and/or awards lapsed in accordance with the terms of the corresponding scheme) to such person in the 12-month period up to and including the proposed date of such grant representing in aggregate over 0.1% of the total issued Share Stapled Units on the proposed date of grant offer and having an aggregate value, based on the closing price of the Share Stapled Units on the date of each grant, in excess of HK\$5 million, such further grant of options must be subject to the approval of an ordinary resolution of Holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company and if required by the Listing Rules) where (a) the prospective grantee is both a HKT INED and a PCCW INED or a Substantial Holder of Share Stapled Units and a substantial shareholder of PCCW, or any of their respective associates; or (b) the prospective grantee is not a HKT INED but is a PCCW INED or not a Substantial Holder of Share Stapled Units but is a substantial shareholder of PCCW, or any of their respective associates; or (c) the Listing Rules so require, of PCCW Shareholders, taken on a poll in general meeting. The connected person involved in such proposed grant, the grantee and, his/her associates and all other core connected persons of the HKT Trust and HKT (and, if applicable, the Company) must abstain from voting in such general meeting (except that any such connected person may vote against the proposed grant provided that his/her/its intention to do so has been stated in the circular to Holders of Share Stapled Units and, if applicable, PCCW Shareholders).

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(e) Time of and restrictions on exercise of options

An option may be exercised in whole or in part in accordance with the terms of the HKT New Share Stapled Unit Option Scheme at any time during a period to be notified by the HKT Board to each grantee, provided that the expiry date of such period shall not to exceed 10 years from the date of grant of the option.

An option must be held for at least 12 months before it can be exercised, except as provided for in sub-paragraph (k) below in respect of HKT Employee Participants only.

~~There are is no general requirement on the minimum period for which an option must be held or the performance target(s) which must be achieved before an option can be exercised under the terms of the HKT New Share Stapled Unit Option Scheme. However, the HKT Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance target(s) to be achieved before such options can be exercised as the HKT Board may determine in its absolute discretion. Performance targets may comprise a combination of key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores).~~

There is no clawback mechanism to recover or withhold options that have been granted to Eligible HKT Participants.

(f) Assignment

Options granted under the HKT New Share Stapled Unit Option Scheme must be personal to the grantee, who shall not sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or attempt so to do, unless a waiver has been granted by the Stock Exchange. Any breach of the foregoing by the grantee shall entitle the Trustee-Manager and HKT to cancel any option granted to such grantee (to the extent not already exercised).

(g) Rights on cessation of employment by death

If the grantee of an option (being an individual) ceases to be an Eligible HKT Participant by reason of death and none of the events set out in sub-paragraph (i) below which would be a ground for the termination of his/her employment, directorship, appointment or engagement arises, his/her personal representative(s) may exercise the option up to the entitlement of the grantee as at the date of death (to the extent which such option has become exercisable but not already exercised) within a period of 12 months from the date of death (or such longer period as the HKT Board may determine or, if any of the events referred to in sub-paragraphs (k), (l) and (m) below occurs during such period, his/her personal representative(s) may exercise the option pursuant to sub-paragraphs (k), (l) and (m) below within such period), failing which the option will lapse.

(h) Right on winding up of, or material changes in, the grantee

If a grantee (being a corporation):

- (i) commences winding up by whatever means, whether voluntarily or not; or
- (ii) suffers a change in its constitution, management, directors, shareholding or beneficial ownership which in the opinion of the HKT Board is material,

the option (to the extent not already exercised) shall lapse on the date of the commencement of winding up of the grantee or on the date of notification by the Trustee-Manager and HKT that the said change in constitution, management, directors, shareholding or beneficial ownership is material, as the case may be, and not be exercisable unless the HKT Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period (not being less than 12 months from its date of grant) as the HKT Board may in its absolute discretion determine following the date of such occurrence. A resolution of the HKT Board resolving that the grantee's option has lapsed by reason of material change in the constitution, management, directors, shareholding or beneficial ownership as aforesaid shall be final and conclusive.

(i) Rights on dismissal of the grantee

If the grantee of an option ceases to be an Eligible HKT Participant by reason of the termination of his/her employment, directorship, appointment or engagement on any one or more of the grounds that he/she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has breached or failed to comply with any provisions of the relevant service contract, letter of appointment or other contracts or agreements of the grantee with ~~HKT~~ or the relevant ~~subsidiary of HKT~~ Group member for the employment, appointment or engagement, or has been convicted of any criminal offence involving his/her integrity or honesty or on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the service contract or letter of appointment or other contract or agreement for the employment, appointment or engagement of the grantee with ~~HKT~~ or the relevant ~~subsidiary of HKT~~ Group member, his/her option (to the extent not already exercised) will lapse and not be exercisable on the date of termination of his/her employment, directorship, appointment or engagement.

A resolution of the HKT Board or the board of directors or governing body of the relevant ~~subsidiary of HKT~~ HKT Group member to the effect that the employment, directorship, appointment or engagement of a grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph (i) shall be conclusive.

(j) Right on cessation of eligibility for other reasons

If the grantee of an option ceases to be an Eligible HKT Participant for any other reason, the grantee may exercise the option up to his/her entitlement at the date of cessation (to the extent which has become exercisable but has not already been exercised) within three months following the date of such cessation (or such longer period as the HKT Board may determine or, if any of the events referred to in sub-paragraphs (k), (l) and (m) below occurs during such period, he/she may exercise the option pursuant to sub-paragraphs (k), (l) and (m) below within such period), failing which the option will lapse.

The date of cessation as aforesaid shall be the last working day with ~~HKT~~ or the relevant ~~subsidiary~~ HKT Group member, whether salary or compensation is paid in lieu of notice or not, or the last date of office or appointment as director, or the last date of appointment or engagement as consultant or adviser to ~~HKT~~ or the relevant ~~subsidiary~~ HKT Group member, as the case may be, in the event of which, the date of cessation as determined by a resolution of the HKT Board or the board of directors or governing body of the relevant ~~subsidiary~~ HKT Group member shall be conclusive.

(k) Rights on a general offer or a scheme of arrangement (if permitted)

If a general or partial offer, whether by way of take-over offer, share buy-back offer, or otherwise in like manner is made to all the Holders of Share Stapled Units, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror or if there is proposed a scheme of arrangement, the Trustee-Manager and HKT shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, with appropriate changes; and assuming that they will become, by the exercise in full of the options granted to them (whether or not they have then become exercisable), Holders of Share Stapled Units.

If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Holders of Share Stapled Units, a grantee who is a HKT Employee Participant shall, notwithstanding any other terms on which his/her options were granted but subject to compliance with the Listing Rules, be entitled to exercise his/her option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Trustee-Manager and HKT in exercise of his/her option at any time up to the close of such offer (or any revised offer) or the record date for entitlements under a scheme of arrangement. Subject to the above, an option (to the extent not already exercised) will lapse automatically on the date on which such offer (or, as the case may be, revised offer) closes or the record date for entitlements under a scheme of arrangement.

(l) Rights on winding up

In the event that a notice is given to the Holders of Share Stapled Units to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the HKT Trust and/or HKT, the Trustee-Manager and HKT shall on the same date as they despatch such notice of the proposed general meeting to each Holder of Share Stapled Units, give notice thereof to the grantee (or his/her personal representatives), who may, by notice in writing to the Trustee-Manager or HKT, as the case may be, (such notice to be received by the Trustee-Manager or HKT, as the case may be, not later than five business days prior to the proposed general meeting) accompanied by a remittance/payment for the full amount of the aggregate subscription price for the Share Stapled Units in respect of which the notice is given, exercise the option (to the extent which it has become exercisable but has not been already exercised) either to its full extent or to the extent specified in such notice and the Trustee-Manager and HKT shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot and issue such number of Share Stapled Units to the grantee which falls to be issued on such exercise, credited as fully paid up and register the grantee as holder thereof. Any options shall, to the extent they have not been so exercised, lapse and determine.

(m) Rights on compromise or arrangement

If, pursuant to the Cayman Islands companies law or other applicable law, a compromise or scheme of arrangement between HKT and its members and/or creditors is proposed for the purpose of or in connection with the reconstruction of HKT or its amalgamation with any other company or companies, the Trustee-Manager and/or HKT shall give notice thereof to all grantees (or to their personal representatives) on the same day as it gives notice to the members or creditors of HKT summoning a meeting to consider such a compromise or scheme of arrangement. Upon receipt of the notice, the grantee may, during the period commencing on the date of the notice and ending on the earlier of:

- (i) the date two calendar months thereafter; and
- (ii) the date on which such compromise or arrangement is sanctioned by the court,

exercise his/her option (to the extent it has become exercisable but has not already been exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. HKT may require the grantee to transfer or otherwise deal with the Share Stapled Units issued as a result of the exercise of the options in these circumstances so as to place the grantee in the same position as nearly would have been the case had such Share Stapled Units been subject to the compromise or arrangement.

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Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been so exercised, lapse and determine. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the final decision of the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the HKT New Share Stapled Unit Option Scheme) as if such compromise or arrangement had not been proposed by HKT and no claim shall lie against the HKT Trust, the Trustee-Manager, HKT or any of its subsidiaries or any of their respective officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

(n) Effect of alterations to share capital

In the event of any capitalisation of profits or reserves, rights issue or other similar offer of securities to Holders of Share Stapled Units, consolidation, subdivision, or reduction of the share capital of HKT or the Units in the HKT Trust in accordance with legal requirements and the requirements of the Stock Exchange (other than an issue of Share Stapled Units as consideration in respect of a transaction to which the HKT Trust, HKT and/or any of its subsidiaries is a party), the number of, or nominal value (if any applicable) representing, the amount of Share Stapled Units subject to the options granted pursuant to the HKT New Share Stapled Unit Option Scheme so far as unexercised and/or the subscription price or any combination thereof, shall be adjusted in such manner as HKT's Auditors or an independent financial adviser to be appointed by the HKT Trust and HKT for such purpose shall certify in writing to the HKT Board to be in their opinion fair and reasonable, provided always that:

- (i) no such alterations shall be made the effect of which would be to enable any Share Stapled Unit to be issued at less than its nominal value;
- (ii) such adjustments shall give be made on the basis that the grantee the same proportion of the equity capital, rounded to the nearest Share Stapled Unit, as that to which that person was previously entitled but no such adjustments may be made to the extent that a Share Stapled Unit would be issued at less than its nominal value (if any) shall have as nearly as possible the same proportion of the issued Share Stapled Units to which the grantee was entitled before such adjustments; and
- (iii) notwithstanding (ii) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, ~~open offer~~ or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per Share Stapled Unit figures,

**APPENDIX 6 SUMMARY OF THE PRINCIPAL TERMS OF THE HKT NEW
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and in each case, any adjustment must be made in compliance with the Listing Rules (including Chapter 17 thereof), the supplementary guidance issued on 6 November 2020 and any further guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, HKT's Auditors or an independent financial adviser must confirm to the HKT Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules or the relevant guidance or interpretation thereof.

(o) Ranking of Share Stapled Units

The Share Stapled Units to be issued and allotted upon the exercise of options granted under the HKT New Share Stapled Unit Option Scheme will be subject to all the provisions of the Trust Deed and the HKT Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Share Stapled Units in issue on the date on which Share Stapled Units are allotted to the grantee (or his/her personal representative(s)) (the “**Allotment Date**”) and accordingly, will entitle the holders to the same voting, dividend, transfer and other rights (including those arising on liquidation of the HKT Trust and HKT) as the existing fully paid Share Stapled Units in issue on the Allotment Date which, for the avoidance of doubt, include the right to participate in all dividends or other distributions declared, paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the Allotment Date.

(p) Lapse of an option

The right to exercise an option shall lapse automatically (to the extent not already exercised) immediately upon the earliest of:

- (i) the expiry of the period referred to in sub-paragraph (e) above;
- (ii) the expiry of any of the applicable periods referred to in sub-paragraphs (g), (h), (j), (k), (l) or (m) above;
- (iii) subject to sub-paragraph (l) above, the date of the commencement of the winding-up of the HKT Trust or HKT, as the case may be;
- (iv) the date on which the grantee ceases to be an Eligible HKT Participant by reason of the termination of his/her employment, directorship, appointment or engagement referred to in sub-paragraph (i) above; and
- (v) the date on which the grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to any option or attempts to do so in breach of the HKT New Share Stapled Unit Option Scheme.

**APPENDIX 6 SUMMARY OF THE PRINCIPAL TERMS OF THE HKT NEW
SHARE STAPLED UNIT OPTION SCHEME**

(q) Period of the HKT New Share Stapled Unit Option Scheme

Subject to the fulfilment of the conditions of the ~~HKT New Share Stapled Unit Option Scheme and the earlier~~ termination by an ordinary resolution in general meeting of Holders of Share Stapled Units or resolutions of the HKT Board, the HKT New Share Stapled Unit Option Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date (HKT New Share Stapled Unit Option Scheme), after which period no further options will be offered or granted but the provisions of the HKT New Share Stapled Unit Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the HKT New Share Stapled Unit Option Scheme.

(r) Alteration to the HKT New Share Stapled Unit Option Scheme and the terms of options granted under the HKT New Share Stapled Unit Option Scheme

All provisions of the HKT New Share Stapled Unit Option Scheme may, subject to the Listing Rules, be altered from time to time in any respect by a resolution of the HKT Board save that the following alterations shall require the prior sanction of an ordinary resolution in general meeting of Holders of Share Stapled Units and (for so long as HKT remains a principal subsidiary of the Company) of PCCW Shareholders:

- (i) any alterations of the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the grantee or the Eligible HKT Participants (as the case may be);
- (ii) any alterations of the terms and conditions of the HKT New Share Stapled Unit Option Scheme which are of a material nature ~~or any change to the terms of options granted under the HKT Existing Share Stapled Unit Option Scheme (except where the alterations take effect automatically under the existing terms of the HKT Existing Share Stapled Unit Option Scheme);~~ and
- (iii) any change to the authority of the HKT Board or scheme administrators in relation to any alteration to the terms of the HKT New Share Stapled Unit Option Scheme.

Any change to the terms of options granted under the HKT New Share Stapled Unit Option Scheme shall not be effective unless approved by the HKT Board, the HKT Remuneration Committee, the HKT INEDs, the Holders of Share Stapled Units and/or PCCW Shareholders (as the case may be), if the initial grant of the option was approved by the HKT Board, the HKT Remuneration Committee, the HKT INEDs, the Holders of Share Stapled Units and/or PCCW Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of the HKT New Share Stapled Unit Option Scheme.

No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Holders of Share Stapled Units under the Trust Deed for the time being for a variation of the rights attached to the Share Stapled Units.

**APPENDIX 6 SUMMARY OF THE PRINCIPAL TERMS OF THE HKT NEW
SHARE STAPLED UNIT OPTION SCHEME**

Any amended terms of the HKT New Share Stapled Unit Option Scheme or options shall still comply with the relevant requirements of Chapter 17 of the Listing Rules (subject to such waiver as may be granted by the Stock Exchange from time to time).

(s) Administration of the HKT New Share Stapled Unit Option Scheme

The HKT New Share Stapled Unit Option Scheme shall be administered by the HKT Board. Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the HKT Board may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the HKT New Share Stapled Unit Option Scheme.

(t) Termination of the HKT New Share Stapled Unit Option Scheme

The Holders of Share Stapled Units by ordinary resolution in general meeting or the HKT Board may at any time terminate the operation of the HKT New Share Stapled Unit Option Scheme and in such event no further options shall be offered but the provisions of the HKT New Share Stapled Unit Option Scheme shall remain in full force and effect in all other respects in respect of any options granted prior thereto but not yet exercised at the time of termination.

(u) Cancellation of options

Subject to sub-paragraph (f) above, any cancellation of options granted but not exercised shall be approved by the HKT Board. Cancelled options may be re-issued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the HKT New Share Stapled Unit Option Scheme and the requirements of the Listing Rules, and provided further that new options may be issued to a grantee in place of his/her cancelled options only if there are available unissued options (excluding the cancelled options) within the Scheme Limit (HKT New Share Stapled Unit Option Scheme) and if applicable, the Service Provider Sublimit (HKT New Share Stapled Unit Option Scheme) ~~scheme mandate limit~~.

Any reference to “**HKT Board**” in this Appendix 6 shall include a duly authorised committee of the HKT Board.

NOTICE OF AGM



PCCW Limited **電訊盈科有限公司**

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of PCCW Limited (the “**Company**”) will be held as a hybrid meeting on Thursday, 30 May 2024 at 4pm at the principal meeting place at 12th Floor, PCCW Tower, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong, for the following purposes:

1. To receive and adopt the Audited Financial Statements of the Company and the Reports of the Directors and the Independent Auditor for the year ended 31 December 2023.
2. To declare a final dividend of 28.48 HK cents per ordinary share in respect of the year ended 31 December 2023.
3.
 - (a) To re-elect Mr Li Tzar Kai, Richard as an executive Director of the Company;
 - (b) To re-elect Mr Tse Sze Wing, Edmund as a non-executive Director of the Company;
 - (c) To re-elect Mr Tang Yongbo as a non-executive Director of the Company;
 - (d) To re-elect Ms Frances Waikwun Wong as an independent non-executive Director of the Company;
 - (e) To re-elect Mr Bryce Wayne Lee as an independent non-executive Director of the Company; and
 - (f) To authorise the Directors of the Company to fix their remuneration.
4. To re-appoint Messrs PricewaterhouseCoopers as Auditor and authorise the Directors to fix their remuneration.

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To consider and, if thought fit, pass the following as Ordinary Resolutions (with or without modification):

5. **“THAT:**

- (a) subject to paragraphs (b) and (c) of this Resolution, the Directors be and are hereby granted an unconditional general mandate to allot, issue and deal with additional shares in the capital of the Company and to allot, issue or grant securities convertible into shares in the capital of the Company, options, warrants and other rights to subscribe for any shares in the capital of the Company or such convertible securities, and to make or grant offers, agreements and options in respect thereof;
- (b) such mandate shall not extend beyond the Relevant Period (as defined hereinafter) save that the Directors may during the Relevant Period make or grant offers, agreements, rights and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined hereinafter);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;
 - (iii) the issue of Shares under any Share option scheme, Share award scheme or other similar arrangement for the time being adopted for the grant or issue to officers and/or employees of and/or other eligible participants specified by the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company;

shall not exceed 20% of the aggregate number of shares of the Company in issue as at the date of passing of this Resolution; and

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(d) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest;

“**Rights Issue**” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong); and

“**shares**” shall, for the purposes of the general mandate referred to in this Resolution, mean such number of shares as may be adjusted in the event that the shares in issue as at the date of passing this Resolution are, at any time thereafter, converted into a larger or smaller number of shares.”

6. “**THAT:**

- (a) subject to paragraph (b) of this Resolution, the Directors be and are hereby granted an unconditional general mandate to buy back on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), or any other stock exchange on which the securities of the Company are or may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, shares in the capital of the Company including any form of depositary receipt representing the right to receive such shares issued by the Company and that the exercise by the Directors of all powers of the Company to buy back such securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF AGM

(b) the aggregate number of shares of the Company which may be bought back by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as defined hereinafter) shall not exceed 10% of the aggregate number of shares of the Company in issue as at the date of passing of this Resolution; and

(c) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.

“**shares**” shall, for the purposes of the general mandate referred to in this Resolution, mean such number of shares as may be adjusted in the event that the shares in issue as at the date of passing this Resolution are, at any time thereafter, converted into a larger or smaller number of shares.”

7. “**THAT** subject to the passing of Ordinary Resolution No. 6 set out in the notice of this Meeting, the aggregate number of shares of the Company that may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to and in accordance with the mandate granted under Ordinary Resolution No. 5 set out in the notice of this Meeting be and is hereby increased and extended by the addition of the aggregate number of shares in the capital of the Company which may be bought back by the Company pursuant to and in accordance with the mandate granted under Ordinary Resolution No. 6 set out in the notice of this Meeting, provided that such amount shall not exceed 10% of the aggregate number of shares of the Company in issue as at the date of the passing of this Resolution. For the purposes of this Resolution, “**shares**” shall mean such number of shares as may be adjusted in the event that the shares in issue as at the date of passing this Resolution are, at any time thereafter, converted into a larger or smaller number of shares.”

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8. **“THAT:**

- (a) subject to and conditional upon the Listing Committee granting the approval for the listing of, and permission to deal in, Share(s) which may be issued in respect of awards that are made under the PCCW New Share Award Scheme (a copy of the rules of which is produced to this meeting marked “A” and initialled by a Director of the Company for the purpose of identification), the PCCW New Share Award Scheme be and is hereby approved and adopted and that any one of the Directors or the company secretary of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the PCCW New Share Award Scheme;
- (b) the Scheme Limit (PCCW New Share Award Scheme), being 10% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Award Scheme) subject to the PCCW Scheme Mandate Limit, be and is hereby approved and adopted; and
- (c) the Service Provider Sublimit (PCCW New Share Award Scheme), being 0.5% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Award Scheme) subject to the PCCW Scheme Mandate Limit, be and is hereby approved and adopted.”

9. **“THAT:**

- (a) subject to and conditional upon the Listing Committee granting the approval for the listing of, and permission to deal in, Share(s) which may be issued pursuant to the exercise of options that are granted under the PCCW New Share Option Scheme (a copy of the rules of which is produced to this meeting marked “B” and initialled by a Director of the Company for the purpose of identification), the PCCW New Share Option Scheme be and is hereby approved and adopted and that any one of the Directors or the company secretary of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the PCCW New Share Option Scheme;
- (b) the Scheme Limit (PCCW New Share Option Scheme), being 10% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Option Scheme) subject to the PCCW Scheme Mandate Limit, be and is hereby approved and adopted; and
- (c) the Service Provider Sublimit (PCCW New Share Option Scheme), being 0.5% of the total number of Shares in issue as at the Adoption Date (PCCW New Share Option Scheme) subject to the PCCW Scheme Mandate Limit, be and is hereby approved and adopted.”

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10. **“THAT:**

- (a) subject to and conditional upon (i) the Listing Committee granting the approval for the listing of, and permission to deal in, Share Stapled Unit(s) which may be issued pursuant to awards that are granted under the HKT New Share Stapled Unit Award Scheme (a copy of the rules of which is produced to this meeting marked “C” and initialled by a Director of the Company for the purpose of identification) and (ii) the passing of resolution(s) approving the adoption of the HKT New Share Stapled Unit Award Scheme by the Holders of Share Stapled Units at the HKT 2024 AGM, the HKT New Share Stapled Unit Award Scheme be and is hereby approved and adopted and that any one of the Directors or the company secretary of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the HKT New Share Stapled Unit Award Scheme;
- (b) the Scheme Limit (HKT New Share Stapled Unit Award Scheme), being 10% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Award Scheme) subject to the HKT Scheme Mandate Limit, be and is hereby approved and adopted; and
- (c) the Service Provider Sublimit (HKT New Share Stapled Unit Award Scheme), being 0.5% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Award Scheme) subject to the HKT Scheme Mandate Limit, be and is hereby approved and adopted.”

11. **“THAT:**

- (a) subject to and conditional upon (i) the Listing Committee granting the approval for the listing of, and permission to deal in, Share Stapled Unit(s) which may be issued pursuant to the exercise of options granted under the HKT New Share Stapled Unit Option Scheme (a copy of the rules of which is produced to this meeting marked “D” and initialled by a Director of the Company for the purpose of identification) and (ii) the passing of resolution(s) approving the termination of the HKT Existing Share Stapled Unit Option Scheme and adoption of the HKT New Share Stapled Unit Option Scheme by the Holders of Share Stapled Units at the HKT 2024 AGM,
 - (i) the HKT Existing Share Stapled Unit Option Scheme be terminated with effect from the Adoption Date (HKT New Share Stapled Unit Option Scheme); and

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- (ii) the HKT New Share Stapled Unit Option Scheme be and is hereby approved and adopted and that any one of the Directors or the company secretary of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the HKT New Share Stapled Unit Option Scheme;
- (b) the Scheme Limit (HKT New Share Stapled Unit Option Scheme), being 10% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Option Scheme) subject to the HKT Scheme Mandate Limit, be and is hereby approved and adopted; and
- (c) the Service Provider Sublimit (HKT New Share Stapled Unit Option Scheme), being 0.5% of the total number of Share Stapled Units in issue as at the Adoption Date (HKT New Share Stapled Unit Option Scheme) subject to the HKT Scheme Mandate Limit, be and is hereby approved and adopted.”

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

Hong Kong, 3 April 2024

Registered office:
41st Floor, PCCW Tower
Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong

NOTICE OF AGM

Notes:

1. Any Shareholder entitled to attend and vote at the AGM (or any adjournment thereof) is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead in accordance with the articles of association of the Company. A proxy need not be a Shareholder.
2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the AGM personally or by proxy, one of the holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. The form of proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power of attorney or authority) must be deposited with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Investor Communications Centre, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 48 hours before the time appointed for holding the AGM, otherwise the form of proxy shall not be treated as valid. In calculating the period mentioned for depositing the form of proxy, no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy shall not preclude Shareholders of the Company from attending and voting in person or by means of electronic facilities at the AGM should they so desire.
4. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be Friday, 24 May 2024. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4.30pm on Friday, 24 May 2024.
5. The record date for the proposed final dividend will be Thursday, 6 June 2024. The Company's register of members will be closed from Wednesday, 5 June 2024 to Thursday, 6 June 2024 (both days inclusive). During such period, no transfer of shares will be effected. In order to qualify for the proposed final dividend in relation to agenda item no. 2 in this notice, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4.30pm on Tuesday, 4 June 2024.

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6. **Online Platform of AGM proceedings:** Shareholders can attend, participate and vote at the AGM through online access by visiting the website – <https://meetings.computershare.com/PCCWAGM2024> (the “**Online Platform**”). Shareholders participating in the AGM through the Online Platform will be counted towards the quorum (subject to the Articles), and they will be able to cast their votes and submit questions through the Online Platform. The Online Platform will be open for Shareholders to log in approximately 30 minutes prior to the commencement of the AGM and can be accessed from any location with internet connection by a smartphone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures. Please refer to the Online Meeting User Guide for the AGM at http://www.pccw.com/agm2024/Generic_User_Guide_Eng.pdf for assistance. Login details for accessing the Online Platform will be posted to registered Shareholders on or about 3 April 2024. Further details relating to attending the AGM through the Online Platform are set out in the circular of the Company dated 3 April 2024 of which this notice forms part.
7. **Questions at and prior to the AGM:** Shareholders attending the AGM through the Online Platform will be able to submit questions relevant to the proposed resolutions online during the AGM. Shareholders can also send their questions to the Company by email at AGM2024@pccw.com from 9am on Friday, 24 May 2024 to 6pm on Tuesday, 28 May 2024. The Company may not be able to respond to all the questions, but will endeavour, where appropriate, to respond to such questions on the Company’s website as soon as practicable after the AGM.
8. The Company may announce further updates (if any) on arrangements relating to the AGM on the Company’s website at www.pccw.com and/or by way of an announcement as and when appropriate.
9. In the event that a typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal is in force on the day of the AGM, Shareholders are suggested to visit the Company’s website at www.pccw.com or to contact the Company’s share registrar by telephone at +852 2862 8648 for arrangements of the AGM.
10. Unless otherwise specified, capitalised terms used in this notice shall have the same meaning as ascribed to them in the circular of the Company dated 3 April 2024 of which this notice forms part.
11. References to time and dates in this notice are to Hong Kong time and dates.
12. In the event of any inconsistency between the English version and the Chinese version of this notice, the English version shall prevail.

NOTICE OF AGM

As at the date of this notice, the Directors of the Company 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; Wang Fang 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

Electronic Communications

This circular in both English and Chinese is now available in printed form from the Company and the Company's share registrar, and in accessible format on the Company's website at **www.pccw.com/ir** and the website of Hong Kong Exchanges and Clearing Limited at **www.hkexnews.hk**.

Shareholders who have chosen (or are deemed to have agreed) to receive this circular using electronic means through the Company's website and who, for any reason, have difficulty in receiving or gaining access to this circular will promptly, upon request in writing or by email to the Company's share registrar, Computershare Hong Kong Investor Services Limited, be sent this circular in printed form, free of charge.

Shareholders may change their choice of language and/or means of receipt of the Company's future corporate communications at any time, free of charge, by reasonable prior notice in writing or by email to the Company's share registrar at:

To: PCCW Limited
c/o Share Registrar
Computershare Hong Kong Investor Services Limited
Investor Communications Centre
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Fax: +852 2865 0990

Email: pccw@computershare.com.hk