PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED

CONTINUING CONNECTED TRANSACTIONS

The Company announces that PCPD FM has entered into two agreements with Reach Networks on 23 December 2016 for the provision of facilities management services and lease & tenant management services from 1 January 2017 to 31 December 2018 through a tender executed by Reach Networks. The transactions set out in the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the transactions are set out below.

<table>
<thead>
<tr>
<th>1) Facilities Management Services Agreement</th>
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<tr>
<td>Date of agreement: 23 December 2016</td>
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<tr>
<td>Parties: Reach Networks and PCPD FM</td>
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<tr>
<td>Term: From 1 January 2017 to 31 December 2018</td>
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</table>

Reach Networks is a wholly-owned subsidiary of Reach which is an associate of PCCW. PCCW is a substantial shareholder of the Company and it indirectly holds approximately 70.83% of the issued share capital of the Company. Accordingly, Reach Networks is a connected person of the Company under the Listing Rules and continuing transactions between Reach Networks and the Group constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the relevant percentage ratios under the Listing Rules for the annual caps of the transactions exceed 0.1% but less than 5%, and these transactions are on normal commercial terms, the transactions would be subject to the reporting, announcement and annual review requirements set out in the Listing Rules and exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

As disclosed in the Company’s announcement dated 18 December 2014, the annual reports for the financial years ended 31 December 2014 and 31 December 2015, PCPD FM has been providing certain facilities management services and certain lease & tenant management services to Reach Networks; and the related agreements for such services will expire on 31 December 2016.

The Company announces that PCPD FM has entered into the following Agreements for the provision of the facilities management services and lease & tenant management services to Reach Networks through a tender executed by Reach Networks. The transactions under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the transactions are set out below.
Consideration: The services that PCPD FM will provide are the management and coordination of the relevant personnel and teams for the provision of the facilities management services as set out in the Facilities Management Services Agreement to Reach Networks and its subsidiaries for the following consideration:

<table>
<thead>
<tr>
<th>Period</th>
<th>Fees and disbursements</th>
</tr>
</thead>
</table>
| From 1 January 2017 to 31 December 2017 (both dates inclusive) | Management Fee - HK$5,898,000 per annum payable in 12 equal monthly instalments  
Administration Fee* - HK$52,000 per month |
| From 1 January 2018 to 31 December 2018 (both dates inclusive) | Management Fee - HK$6,309,600 per annum payable in 12 equal monthly instalments  
Administration Fee* - HK$52,000 per month |

*This Administration Fee is to cover the cost for administration services.

Project management service provided by PCPD FM for any extra project at the request of Reach Networks is subject to an extra fee calculated based on the project sum. The extra fee payable will be (a) 5% of the project sum if the project sum is HK$2,000,000 or below (if the extra fee payable as calculated by the above formula is less than HK$20,000, then the fee payable for the services for the relevant extra project shall be HK$20,000); or (b) 3% of the project sum if the project sum is above HK$2,000,000.

Co-ordination and/or monitoring work performed by PCPD FM at the request of Reach Networks on Reach Networks’ other projects can be provided for extra fees. The extra fees will be charged on the basis of HK$200.00 per hour.

It is noted that under the Facilities Management Services Agreement, any contractors that are required to be involved for the provision of the facilities management services to Reach Networks will be engaged by Reach Networks directly. Therefore, from 1 January 2017 to 31 December 2018, there will not be any contractor cost charged by PCPD FM to Reach Networks. Please also refer to the section “Annual Caps” below.

(2) Lease & Tenant Management Services Agreement

Date of agreement: 23 December 2016
Parties: Reach Networks and PCPD FM
Term: From 1 January 2017 to 31 December 2018
Consideration: The services that PCPD FM will provide is the management and coordination of the relevant personnel and teams for the provision of the lease & tenant management services as set out in the Lease & Tenant Management Services Agreement to Reach Networks and its subsidiaries for the following consideration:

Reach Networks shall pay PCPD FM an annual amount of HK$318,000 (payable in 12 equal monthly installments in each calendar year) as service fees and disbursements during the period of this agreement.

Co-ordination and/or monitoring work performed by PCPD FM at the request of Reach Networks on Reach Networks’ other projects can be provided for extra fees. The extra fees will be charged on the basis of HK$200.00 per hour.
ANNUAL CAPS

The aggregate amounts/estimated amounts for the service fees and disbursements charged by PCPD FM for facilities management services and lease & tenant management services for the financial year ended on 31 December 2015 and for the financial years ending on 31 December 2016, 2017 and 2018 are set out below:

<table>
<thead>
<tr>
<th>Aggregate Value</th>
<th>(HK$’000, rounded to the nearest thousand)</th>
</tr>
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<tbody>
<tr>
<td>Financial year ended/ending 31 December</td>
<td>2015</td>
</tr>
</tbody>
</table>

(i) Facilities Management Services

| Service Fees | 5,176 | 5,538 | 5,898 | 6,310 |
| Disbursements: | | | | |
| - Contractor Cost | 24,693 | 25,881 | - | - |
| - Administration Fees | 594 | 645 | 624 | 624 |
| Total Disbursements | 25,287 | 26,526 | 624 | 624 |
| Total Service Fees and Disbursements | 30,463 | 32,064 | 6,522 | 6,934 |

(ii) Lease & Tenant Management Services

| Service Fees | 294 | 294 | 318 | 318 |
| Disbursements | 0 | 0 | 0 | 0 |
| Total Service Fees and Disbursements | 294 | 294 | 318 | 318 |

Total Service Fees and Disbursements for Facilities Management Services and Lease & Tenant Management Services | 30,757 | 32,358 | 6,840 | 7,252 |

(Note: In the above table, the figures in the “2016” column are derived from the aggregate of the actual values of the relevant transactions for the ten months ended 31 October 2016 and the estimated values of those transactions for November and December 2016; the figures in the column “2015” are the actual amounts of the relevant transactions for the financial year ended 31 December 2015; and the figures in the columns “2017” and “2018” are the estimated amounts of the relevant transactions for the financial years ending on 31 December 2017 and 31 December 2018 respectively.)

Given the commercial decision to adopt a different contracting model, any contractors that are required to be involved in the provision of the facilities management services and lease & tenant management services to Reach Networks and its subsidiaries will be engaged by Reach Networks directly; therefore, there will be no contractor cost chargeable by PCPD FM to Reach Networks under the Agreements from 1 January 2017 to 31 December 2018. By reference to previous transactions and figures in the published information of the Group and after taking into account of change in business model, possible inflation and reasonable buffer, the annual aggregate fees of the Agreements will not exceed the annual cap of HK$8,000,000 for each of the financial years ending 31 December 2017 and 31 December 2018.
REASONS FOR ENTERING INTO THE AGREEMENTS AND VIEWS OF THE DIRECTORS

As the principal business of the Group is property development and management, the Directors (including the independent non-executive Directors) consider that the transactions have been entered into in the usual and ordinary course of business of the Group. They also consider that the Agreements have been negotiated and conducted on an arm’s length basis between the parties and are on normal commercial terms.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

REQUIREMENTS OF THE LISTING RULES

Reach Networks is a wholly-owned subsidiary of Reach which is an associate of PCCW. PCCW is a substantial shareholder of the Company and it indirectly holds approximately 70.83% of the issued share capital of the Company. Accordingly, Reach Networks is a connected person of the Company under the Listing Rules and continuing transactions between Reach Networks and the Group constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the relevant percentage ratios under the Listing Rules for the annual caps of the transactions exceed 0.1% but less than 5%, and these transactions are on normal commercial terms, the transactions would be subject to the reporting, announcement and annual review requirements set out in the Listing Rules and exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Details of the transactions will be disclosed in the Company’s annual report in accordance with Rule 14A.49 and Rule 14A.71 of the Listing Rules.

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

GENERAL

The Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments.

Reach is a provider of international bandwidth services and operates submarine cable systems and satellite facilities in Asia.

The PCCW Group (including the Group) is principally engaged in the provision of telecommunications and related services which include local telephony, local data and broadband, international communications, mobile, and other telecommunications businesses such as customer premises equipment sales; the provision of interactive pay-TV services, Internet portal digital media entertainment platform in Hong Kong and other parts of the world; investments in, and development of, systems integration, network engineering, and technology-related businesses; and development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong.

DEFINITIONS

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

“Agreements” the Facilities Management Services Agreement and the Lease & Tenant Management Services Agreement both dated 23 December 2016 between Reach Networks and PCPD FM in connection with the provision of facilities management services and lease & tenant management services respectively

“associate” has the meaning ascribed to it in the Listing Rules

“Board” the board of Directors
“Company” Pacific Century Premium Developments Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00432)

“Director(s)” the director(s) of the Company

“Group” the Company and its subsidiaries

“HKS” Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong” the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules” the Rules Governing the Listing of Securities on the Stock Exchange

“PCCW” PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00008) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States (Ticker: PCCWY), which indirectly holds approximately 70.83% of the issued share capital of PCPD as at the date of this announcement

“PCCW Group” PCCW and its subsidiaries (excluding the Group)

“PCPD FM” PCPD Facilities Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“percentage ratios” has the meaning ascribed to it in Chapter 14 of the Listing Rules

“Reach” Reach Ltd., a company incorporated in Bermuda with limited liability and a 50:50 joint venture between Telstra Corporation Limited (through its subsidiaries) and the PCCW Group

“Reach Networks” Reach Networks Hong Kong Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Reach

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“substantial shareholder” has the meaning ascribed to it in the Listing Rules

“%” per cent.

By Order of the Board
Pacific Century Premium Developments Limited
Tsang Sai Chung
Company Secretary

Hong Kong, 23 December 2016

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

Executive Directors:
Li Tzar Kai, Richard (Chairman); Lee Chi Hong, Robert (Deputy Chairman and Chief Executive Officer); and James Chan

Independent Non-Executive Directors:
Prof Wong Yue Chim, Richard, SBS, JP; Dr Allan Zeman, GBM, GBS, JP; and Chiang Yun

* For identification only