



PCCW Limited
電訊盈科有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 0008)

ANNOUNCEMENT UNDER RULE 13.09 OF THE LISTING RULES

The board of directors of the Company has unanimously approved the commencement of a process for:

- (a) the reorganisation of the Company’s telecommunications services, media and IT solutions businesses under a newly incorporated holding company, HKT Group Holdings Limited; and
- (b) the invitation of proposals from investors for the acquisition of up to a 45% equity interest in HKT Group Holdings Limited from the Company.

The board of directors (the “Board”) of PCCW Limited (the “Company”) has unanimously approved the commencement of a process for:

- (a) the reorganisation of the Company’s telecommunications services, media and IT solutions businesses under a newly incorporated holding company, HKT Group Holdings Limited (“HKT”); and
- (b) the invitation of proposals from investors for the acquisition of up to a 45% equity interest in HKT from the Company,

and has mandated the management of the Company to proceed with this process.

The reorganisation will improve the operational efficiencies of the Group and will consolidate all components of the Group’s quadruple-play offering, comprising a range of innovative media content and services across the four platforms of fixed line, broadband, internet, TV and mobile, under a single holding company with a transparent and easily understood corporate structure which would facilitate a future listing.

The invitation for proposals from investors is intended to recognize the increases in the value of the Group's core assets which have been achieved as a result of improving profitability, the creation of new income streams and an improving business environment. The Board will consider further the use of proceeds of such possible transaction which may include investments in further growth initiatives in telecommunications, media and technology (TMT).

The reorganisation is complex and will involve requests for consents for the transfer of certain assets being made of a large number of third parties. The Company considers that there is a material risk that the necessary degree of confidentiality required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") would not be maintained throughout that process and, accordingly, is making this announcement as required by Note 2 to Rule 13.09 (1) of the Listing Rules.

The reorganisation does not require approval by shareholders of the Company under the Listing Rules, because it is an internal group reorganisation and there is no change of ultimate beneficial ownership of the assets, as far as the Company is concerned. The classification under the Listing Rules, and the corresponding disclosure and approval requirements, of a sale of an equity interest in HKT will depend on the exact terms of such a transaction. If and when the terms of such a transaction are agreed, the Company would make the appropriate announcements and comply with all other provisions of the Listing Rules applicable to the relevant transaction, at the relevant time.

Further announcements in relation to the matters referred to above will be made as and when appropriate. In the meantime, shareholders and other investors are advised that the reorganisation and any sale of an equity interest in HKT are both subject to a number of contingencies and that there is no assurance that either will ultimately be completed. Accordingly, shareholders and other investors are advised to exercise caution when dealing in the Company's shares.

By Order of the Board of
PCCW Limited
Philana WY Poon
Group General Counsel and Company Secretary

Hong Kong, 29 May 2008

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

Executive Directors:

Li Tzar Kai, Richard (Chairman); Alexander Anthony Arena (Group Managing Director); Peter Anthony Allen; Chung Cho Yee, Mico; Lee Chi Hong, Robert

Non-Executive Directors:

Sir David Ford, KBE, LVO; Zuo Xunsheng (Deputy Chairman); Li Fushen

Independent Non-Executive Directors:

Prof Chang Hsin-kang; Dr The Hon Sir Li Kwok Po, David, GBM, GBS, OBE, JP; Sir Roger Lobo, CBE, LLD, JP; Aman Mehta; The Hon Raymond George Hardenbergh Seitz