The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PCCW Limited 雷訊 AP 科 有 限 公 司

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

ANNOUNCEMENT UNDER RULE 3.2 OF THE TAKEOVERS CODE

POSSIBLE PRIVATISATION PROPOSAL

The Company announces that it has been notified by HSBC, in HSBC's capacity as financial adviser to PCRD and Starvest, that Starvest is considering the feasibility of a proposal for the privatisation of the Company by way of a scheme of arrangement under Section 166 of the Companies Ordinance. The Company understands that discussions are taking place in relation to a proposal for consideration by the Company and its shareholders. The Company has been informed that those discussions relate to a possible privatisation proposal to be made jointly by Starvest and Netcom BVI, a wholly owned subsidiary of CNC.

A further announcement in relation to the possible privatisation proposal will be made by the Company shortly. In the meantime, shareholders and investors should be aware that there is no assurance that a privatisation proposal will ultimately be made or, if a proposal is made, that the conditions to which it is subject will be fulfilled or that it will become effective. Pending the publication of that announcement, trading in the Company's shares on the Stock Exchange will remain suspended.

Reference is made to the announcement of PCCW Limited (the "Company") dated 14 October 2008 relating to the suspension of trading in the Company's shares pending the release of an announcement in relation to price sensitive information.

This announcement is made under Rule 3.2 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). The Company announces that it has been notified by The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), in HSBC's capacity as financial adviser to Pacific Century Regional Developments Limited ("PCRD") and Starvest Limited ("Starvest"), that Starvest is considering the feasibility of a proposal for the privatisation of the Company by way of a scheme of arrangement under Section 166 of the Companies Ordinance. Starvest is a wholly owned subsidiary of PCRD. PCRD is a company which currently holds approximately 22.54% of the issued share capital of the Company and which has its shares listed on Singapore Exchange Securities Trading Limited.

The Company understands that discussions are taking place in relation to a proposal for consideration by the Company and its shareholders. The Company has been informed that those discussions relate to a possible privatisation proposal to be made jointly by Starvest and China Netcom Corporation (BVI) Limited ("Netcom BVI"). Netcom BVI currently holds approximately 19.84% of the issued share capital of the Company and is a wholly owned subsidiary of China Network Communications Group Corporation ("CNC"). CNC is a leading telecommunications company in the PRC.

Dealings disclosure

The Company has only one class of securities, namely ordinary shares of HK\$0.25 each, of which 6,772,294,654 such shares are in issue. In addition, there are outstanding employee share options in respect of a further 138,533,730 ordinary shares of HK\$0.25 each.

All associates of the Company are reminded to disclose their dealings in the shares of the Company under Rule 22 of the Takeovers Code.

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings

(excluding stamp duty and commission) in any relevant security undertaken for a client

during any 7 day period is less than HK\$1 million.

This does not alter the obligation of principals, associates and other persons themselves to

initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive Director of the Corporate

Finance Division of the Securities and Futures Commission (the "Executive") in its dealings

enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers

and other intermediaries will supply the Executive with relevant information as to those

dealings, including identities of clients, as part of that co-operation.

A further announcement in relation to the possible privatisation proposal will be made

by the Company shortly. In the meantime, shareholders and investors should be aware

that there is no assurance that a privatisation proposal will ultimately be made or, if a

proposal is made, that the conditions to which it is subject will be fulfilled or that it will

become effective. Moreover, shareholders and investors should rely only on the

Company's announcements from time to time on this matter and should not place any

reliance on speculation or rumour appearing in the newspapers or elsewhere in relation

to this matter. Pending the publication of such further announcement, trading in the

Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock

Exchange") will remain suspended.

By Order of the Board of

PCCW Limited Philana WY Poon

Group General Counsel and Company Secretary

Hong Kong, 30 October 2008

-3-

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 and Lee Chi Hong, Robert

Non-Executive Directors:

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

Independent Non-Executive Directors:

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

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.