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PCCW Limited

電訊盈科有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 0008)

**PROPOSED PRIVATISATION OF PCCW
BY THE JOINT OFFERORS
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 166 OF THE COMPANIES ORDINANCE)**

- (1) Date for the substantive hearing of the petition
to sanction the Scheme fixed by the High Court**
- (2) Revised expected timetable**
- (3) Proposed withdrawal of listing of the Shares**
- (4) Resumption of trading in the Shares**
- (5) Announcement under Rule 13.09 of the Listing Rules**

At the Directions Hearing held today, the High Court fixed a time and date of 10:00 am on Wednesday, 1 April, 2009 for the substantive hearing of the petition to sanction the Scheme. That hearing is open to the public and the High Court has set aside two days (Wednesday, 1 April, 2009 and Thursday, 2 April, 2009) for the hearing.

An application made by the SFC to intervene in the proceedings, which was not opposed by any party to the proceedings, was granted by the High Court, which also ordered (among other things) that the SFC file evidence in the proceedings within 21 days from today; that any creditor or Shareholder do have leave to file evidence within 21 days from today; that any creditor or any Shareholder do have leave to attend and be heard at the petition hearing; and that notice of presentation of the petition and of the day(s) fixed for the hearing thereof be advertised once in English in *The Standard*, once in Chinese in the *Hong Kong Economic Journal* and once in English in the *International Herald Tribune*, within 3 days from today.

To assist Shareholders and potential investors in Shares and/or other securities of PCCW, a revised indicative expected timetable of principal events, which assumes that the Scheme is sanctioned by the High Court at the hearing of the petition fixed for Wednesday, 1 April, 2009, is set out below in this announcement.

At the request of PCCW, trading in the Shares was suspended with effect from 9:30 am on Tuesday, 24 February, 2009, pending the release of this announcement by PCCW in respect of the orders made at the Directions Hearing (including that relating to the date fixed for the substantive hearing of the petition to sanction the Scheme), which are or may be price sensitive in nature. An application has been made to the Stock Exchange requesting the resumption of trading in the Shares with effect from 9:30 a.m. on Wednesday, 25 February, 2009.

Shareholders and/or potential investors in shares and/or other securities of PCCW should be aware that the implementation of the Improved Proposal and the Scheme is subject to the Conditions as set out in the Scheme Document and the Supplemental Scheme Document being fulfilled or waived, as applicable, and thus the Improved Proposal and the Scheme may or may not become effective. Shareholders and/or potential investors are advised to exercise caution when dealing in shares and/or other securities of PCCW.

Introduction

Reference is made to the scheme document dated 6 December, 2008 (the “**Scheme Document**”) and the supplemental scheme document dated 12 January, 2009 (the “**Supplemental Scheme Document**”) issued by, among others, PCCW and the Joint Offerors. Unless the context otherwise requires, capitalised terms and expressions used in this announcement which are not defined herein have the meanings given to them in the Scheme Document and the Supplemental Scheme Document. All references to times and dates in this announcement are references to Hong Kong times and dates.

Reference is also made to PCCW’s announcement dated 12 February, 2009, in which PCCW announced that the High Court had fixed Tuesday, 24 February, 2009 for the hearing of the summons for directions in respect of the capital reduction and the directions hearing in respect of the petition to sanction the Scheme (together referred to as the “**Directions Hearing**”).

Date for substantive hearing of the petition to sanction the Scheme fixed by the High Court

At the Directions Hearing held today, the High Court fixed a time and date of 10:00 am on Wednesday, 1 April, 2009 for the substantive hearing of the petition to sanction the Scheme. That hearing is open to the public and the High Court has set aside two days (Wednesday, 1 April, 2009 and Thursday, 2 April, 2009) for the hearing.

An application made by the SFC to intervene in the proceedings, which was not opposed by any party to the proceedings, was granted by the High Court, which also ordered (among other things) that the SFC file evidence in the proceedings within 21 days from today; that any creditor or Shareholder do have leave to file evidence within 21 days from today; that any creditor or any Shareholder do have leave to attend and be heard at the petition hearing; and that notice of presentation of the petition and of the day(s) fixed for the hearing thereof be advertised once in English in *The Standard*, once in Chinese in the *Hong Kong Economic Journal* and once in English in the *International Herald Tribune*, within 3 days from today.

Revised expected timetable

To assist Shareholders and potential investors in Shares and/or other securities of PCCW, a revised indicative expected timetable of principal events, which assumes that the Scheme is sanctioned by the High Court at the hearing of the petition fixed for Wednesday, 1 April, 2009, is set out below:

Hong Kong time

Suspension of dealings in the Shares9:30 a.m. on Wednesday, 1 April, 2009

High Court hearing of the petition to

sanction the Scheme (*Note 1*)10:00 a.m. on Wednesday, 1 April, 2009
to Thursday, 2 April, 2009

Announcement of (i) the result of the

High Court hearing of the petition to

sanction the Scheme, (ii) the Effective Date

and (iii) the withdrawal of the listing of

the Shares on the Stock Exchangeno later than 11:00 p.m.
on Thursday, 2 April, 2009

Resumption of dealings in the Shares9:30 a.m. on Friday, 3 April, 2009

Latest time for dealings in the Shares4:10 p.m. on Friday, 3 April, 2009

Latest time for lodging transfers of the Shares to

qualify for entitlements under the Scheme4:30 p.m. on Wednesday,
8 April, 2009

Register of members closed for determination of
entitlements of the Scheme Shareholders
under the SchemeThursday, 9 April, 2009 to
Wednesday, 15 April, 2009
(both days inclusive)

Record Date.....Thursday, 9 April, 2009

Effective Date (*Note 2*)Tuesday, 14 April, 2009

Withdrawal of the listing of the Shares on
the Stock Exchange becomes effective.....9:30 a.m. on Tuesday, 14 April, 2009

Cheques for cash entitlements under
the Scheme to be despatchedon or before Friday, 24 April, 2009

Latest time for lodging Revised Option
Offer Forms by Optionholders (*Note 3*)4:00 p.m. on Wednesday,
29 April, 2009

Cheques for cash entitlements to the
Optionholders to be despatched.....on or before Saturday, 9 May, 2009

Notes:

1. The High Court hearing of the petition to sanction the Scheme will be held at the High Court Building, 38 Queensway, Hong Kong.
2. The Scheme shall become effective upon all the Conditions being fulfilled and/or otherwise waived (as the case may be).
3. The Revised Option Offer is made conditional upon the Scheme becoming effective. Revised Option Offer Forms (which were made available to Optionholders together with the Supplemental Scheme Document), duly completed in accordance with the instructions on them, must be lodged with PCCW at its registered office, 39th Floor, PCCW Tower, TaiKoo Place, 979 King's Road, Quarry Bay, Hong Kong marked for the attention of the "Company Secretary", so as to reach PCCW no later than 4:00 p.m. on Wednesday, 29 April, 2009 or such later date and time as may be notified to the Optionholders by the Joint Offerors. Any duly completed yellow Option Offer Forms (which were distributed to Optionholders with the Scheme Document) received by PCCW from Optionholders, together with the required supporting documents, prior to the latest time for lodging the Revised Option Offer Forms will, if the Scheme becomes effective, be treated as valid acceptances of the Revised Option Offer in respect of the number of Options specified in the relevant yellow Option Offer Form and will entitle the accepting Optionholder to receive the cash payment payable under the Revised Option Offer in respect of those Options.

Shareholders and potential investors in Shares and/or other securities of PCCW should note that the timetable set out above is indicative only. It is predicated on the assumption that the Scheme is sanctioned by the High Court at the hearing fixed for Wednesday, 1 April, 2009; is dependent on all Conditions being fulfilled and/or otherwise waived (as the case may be); and is subject to any further amendments which may be required to reflect changes in the prevailing circumstances. Further announcements would be made by PCCW, as appropriate, in the event of any material changes to the expected timetable set out above.

Closure of register of members

For the purpose of determining the entitlements of the Scheme Shareholders under the Scheme, the register of members of PCCW will be closed from Thursday, 9 April, 2009 to Wednesday, 15 April, 2009 (both days inclusive) and during such period, no transfers of Shares will be effected. In order to qualify for entitlements as a Scheme Shareholder under the Scheme, a transferee of Shares must ensure that all duly completed instruments of transfer accompanied by the relevant share certificates are lodged with Computershare Hong Kong Investor Services Limited, the share registrar of PCCW, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by not later than 4:30 p.m. on Wednesday, 8 April, 2009.

Current status of Conditions of the Improved Proposal

As at the date of this announcement, and having made enquiries of the Joint Offerors, as far as PCCW is aware there are no material changes to the status of the Conditions of the Improved Proposal from that set out in the announcement of PCCW and the Joint Offerors dated 5 February, 2009 (the “**5 February Announcement**”), other than the following changes:

- (1) Condition (c) is the High Court's sanction of the Scheme and the confirmation by the High Court of the reduction of the issued share capital of PCCW involved in the Scheme, while Condition (d) is compliance with the procedural requirements of sections 166 and 61 of the Companies Ordinance in relation to the Scheme and the reduction of the issued share capital of PCCW, respectively. The fulfillment of Conditions (c) and (d) is dependent on the outcome of the High Court hearing of the petition to sanction the Scheme, which has now been fixed to be held on Wednesday, 1 April, 2009.

- (2) Condition (g) is the approval of the Improved Proposal by the Relevant Authorities in the PRC having been obtained by Unicom and/or Netcom BVI. PCCW has been informed that, as at the date of this announcement, the approval process is still ongoing and Unicom and Netcom BVI are currently expecting to receive the approvals required for the Improved Proposal by Thursday, 2 April, 2009.
- (3) Condition (h) requires the drawdown by HKT of the total amount available under the HKT Loan Facilities and all amounts having been applied such that: (i) all Indebtedness under the Existing Facilities has been repaid and discharged in full; (ii) an amount of not less than HK\$7,020 million has been lawfully transferred to PCCW; and (iii) as a result of (ii), not less than HK\$12,675 million is standing to the credit of a designated account held by PCCW and is available for distribution to the Post-Scheme Shareholders. As referred to in the 5 February Announcement, sub-conditions (i) and (ii) of Condition (h) have been fulfilled. Sub-condition (iii) of Condition (h) is now expected to be fulfilled by 31 March, 2009.
- (4) Condition (m) is all Authorisations (if any) remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for (or is in addition to requirements expressly provided for) in relevant laws, rules, regulations or codes in connection with the Improved Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective (in each case where such Authorisation is material in the context of the PCCW Group as a whole and in the context of the Improved Proposal). As referred to in the 5 February Announcement, the Telecommunications Authority has given its consent to the Improved Proposal pursuant to section 7P(7)(a) of the Telecommunications Ordinance (Cap 106 of the Laws of Hong Kong); and the Broadcasting Authority has granted the Authorisations required under the Broadcasting Ordinance (Cap 562 of the Laws of Hong Kong) as a result of the increase of the shareholdings of Starvest and the Excluded Group and Netcom BVI (and/or Unicom), respectively, in PCCW if the Scheme becomes effective.

The 5 February Announcement stated that an application had also been made to the FCC for Authorisations required from the FCC if the Scheme becomes effective, as a result of PCCW being the holding company of three subsidiaries jointly holding a licence issued under section 214 of the US Communications Act of 1934. The 5 February Announcement stated that a special temporary

authorisation, valid until 28 February, 2009, has been obtained. Subsequent to the 5 February Announcement, an application was made to extend the validity of that special temporary authorization, in order to allow the Improved Proposal to proceed and become effective in accordance with the delayed timetable.

- (5) Condition (n) is no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Improved Proposal or the Scheme void, unenforceable or illegal (or which would impose any material and adverse conditions or obligations with respect to the Improved Proposal or the Scheme). As referred to in the 5 February Announcement, in the context of allegations of attempts to affect the outcome of the Shareholder vote in relation to the proposed privatisation of PCCW, the SFC has commenced an investigation into the voting at the Court Meeting and the EGM. As referred to above in this announcement, an application by the SFC to intervene in the proceedings to sanction the Scheme (which application was not opposed by any party to the proceedings) was granted by the High Court at the Directions Hearing today. In this connection, as referred to in PCCW's announcement dated 3 February, 2009, PCCW has offered (and continues to offer) its full co-operation to the SFC. Aside from the foregoing, as at the date of this announcement, PCCW is not aware of any such action, proceeding, suit, investigation or enquiry having been taken or instituted.

Application under Rule 15.7 of the Takeovers Code

An application will be made to the Executive for a waiver from compliance with Rule 15.7 of the Takeovers Code, which would otherwise require that all Conditions of the Scheme be fulfilled within 21 days of the date of the Scheme having been approved by the Independent Shareholders at the reconvened Court Meeting and by the Shareholders at the reconvened EGM.

Proposed withdrawal of listing of the Shares

Based on the indicative expected timetable set out above, subject to the Scheme becoming effective, the listing of the Shares would be expected to be withdrawn at 9:30 am on Tuesday, 14 April, 2009. Subject to the Scheme being sanctioned by the High Court, PCCW would then make an application to the Stock Exchange for withdrawal of the listing of the Shares on the Stock Exchange with effect from 9:30 am on Tuesday, 14 April, 2009.

Resumption of Trading in the Shares

At the request of PCCW, trading in the Shares was suspended with effect from 9:30 am on Tuesday, 24 February, 2009, pending the release of this announcement by PCCW in respect of the orders made at the Directions Hearing (including that relating to the date fixed for the substantive hearing of the petition to sanction the Scheme), which are or may be price sensitive in nature. An application has been made to the Stock Exchange requesting the resumption of trading in the Shares with effect from 9:30 a.m. on Wednesday, 25 February, 2009.

Other Information

As contemplated by PCCW's announcement dated 3 February, 2009, PCCW has conducted its own enquiries in relation to the voting at the reconvened Court Meeting and has reported the results of those enquiries to the High Court. The enquiries were conducted with the assistance of PCCW's external independent auditors and external legal counsel, with the support and assistance of PCCW's share registrar, Computershare Hong Kong Investor Services Limited ("**Computershare**"). During the course of those enquiries, a clerical error, which in the event is not material, made by Computershare when manually counting the voting papers and forms of proxy at the Court Meeting venue was identified, in respect of the counting of the number of Independent Shareholders voting in person or by proxy at the reconvened Court Meeting. Based on a revised scrutineer's certificate issued by Computershare, the number of Independent Shareholders voting in person or by proxy "for" the Scheme at the reconvened Court Meeting was 1,404 (compared to 1,403 stated in the 5 February Announcement) and the number of Independent Shareholders voting in person or by proxy "against" the Scheme at the reconvened Court Meeting was 859 (compared to 854 stated in the 5 February Announcement); with the total number of Independent Shareholders voting in person or by proxy at the reconvened Court Meeting being correspondently increased to 2,262 (compared to 2,256 stated in the 5 February Announcement). This represents approximately 62% of the number of Independent Shareholders voting in person or by proxy at the reconvened Court Meeting voting "for" the Scheme and approximately 38% of the number of Independent Shareholders voting in person or by proxy at the reconvened Court Meeting voting "against" the Scheme. The error is not material and does not affect the outcome of the voting at the reconvened Court Meeting. Computershare has informed PCCW that the error arose from manual counting at the Court Meeting venue. The other voting results set out in the 5 February Announcement remain accurate and, in particular, Computershare has confirmed that the votes by value cast "for" and "against" the Scheme as stated in the 5 February Announcement remain accurate. In that regard, as stated in the 5 February Announcement, a total of

1,628,013,122 votes were cast at the reconvened Court Meeting by Independent Shareholders in person or by proxy, of which 1,348,536,322 votes (representing approximately 83% of the total votes cast) were cast “for” the Scheme and 279,476,800 votes (representing approximately 17% of the total votes cast) were cast “against” the Scheme. The votes cast “against” the Scheme represented approximately 8% of the number of Shares held by all the Independent Shareholders (whether or not present and voting either in person or by proxy at the reconvened Court Meeting).

General

Shareholders and/or potential investors in shares and/or other securities of PCCW should be aware that the implementation of the Improved Proposal and the Scheme is subject to the Conditions as set out in the Scheme Document and the Supplemental Scheme Document being fulfilled or waived, as applicable, and thus the Improved Proposal and the Scheme may or may not become effective. Shareholders and/or potential investors are advised to exercise caution when dealing in shares and/or other securities of PCCW.

By order of the board of

PCCW Limited

Philana WY Poon

Group General Counsel and Company Secretary

Hong Kong, 24 February, 2009

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

Executive Directors:

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

Non-Executive Directors:

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

Independent Non-Executive Directors:

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

The directors of PCCW 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.

Please also refer to the published version of this announcement in The Standard.