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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

On 25 January 2011 (after market close), PCCW, Telstra and Reach entered into arrangements that would, on Completion, restructure the majority of Reach's operations to more closely align with the business objectives of Reach's Shareholders as well as to more efficiently and effectively serve their respective customers. This would also increase operational efficiencies for Reach and Reach's Shareholders. Reach is a 50/50 joint venture between PCCW and Telstra.

The restructuring is expected to be completed in the first half of 2011 and is NOT expected to affect the Company's 2010 final results.

The restructuring is expected to result in a clear division of the majority of Reach's assets and operations, aligning with the respective needs of each of Reach's Shareholders. Reach would continue to manage certain assets and operations that would continue to serve both PCCW and Telstra.

The Company is expected to benefit, operationally and financially, from the restructuring of Reach through increased operational efficiencies, which are expected to contribute towards a better operating margin and an enhanced competitive position in the market for international connectivity services. Further, PCCW is expected to benefit from a recovery of certain assets that were previously invested in Reach.

The restructuring does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Company is making this announcement to keep its shareholders informed about developments relating to its investment in Reach.

Definitions:

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

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| “Completion” | the completion of the restructuring of Reach which is expected to be in the first half of 2011 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “PCCW” or “the Company” | 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 of Hong Kong Limited and traded in the form of American Depositary Receipts on the Pink OTC Markets in the United States |
| “Reach” | Reach Ltd., a 50/50 joint venture between PCCW and Telstra |
| “Reach’s Shareholders” | PCCW and Telstra |
| “Telstra” | Telstra Corporation Limited |

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

Hong Kong, 25 January 2011

The directors of PCCW 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; Lee Chi Hong, Robert and Hui Hon Hing, Susanna

Non-Executive Directors:

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

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; Aman Mehta; The Hon Raymond George Hardenbergh Seitz and Tse Sze Wing, Edmund, GBS