



FOR IMMEDIATE RELEASE

REACH Shareholders & Lenders Agree to Debt Settlement

18 June 2004, HONG KONG -- REACH, Asia's leading international wholesale carrier, has announced that its shareholders (PCCW and Telstra) and lenders have struck an agreement to buyback REACH's US\$1.2 billion term loan facility for US\$311 million.

The debt buyback was achieved after a constructive process undertaken with REACH's lenders.

Under the settlement, PCCW and Telstra will (jointly and equally) pay REACH's lenders US\$311 million for a complete release of all of REACH's obligations to the REACH lenders.

PCCW and Telstra will also provide a US\$50 million revolving working capital loan facility to REACH. PCCW and Telstra will take security by way of charges over key REACH Group assets.

"The buyback of the external debt burden and the provision of a US\$50 million revolving working capital loan facility by the shareholders means we can turn our full attention to the business of serving our customers," said Dick Simpson, chief executive officer of REACH.

The company said the debt buyback and the provision of the revolving working capital loan facility by the shareholders reiterated their strong commitment to REACH and their belief in its strategic value.

"REACH is now in a strong position to capitalise on the momentum we gained in the last 16 months in restructuring our business, and to continue to bring value to our customers and shareholders," added Mr. Simpson.

REACH already serves more than 400 carriers and service providers throughout the world, and offers access on some of the newest cable systems in the region, including the REACH North Asia Loop cable, the Japan-US cable and the Australian-Japan cable system.

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About REACH

REACH is Asia's largest international wholesale carrier of combined voice, IPLC and IP data services. It is also one of the world's top ten carriers of international voice traffic. REACH's services include an extensive portfolio of voice, data, IP and satellite connectivity solutions. REACH has interests in more than 40 submarine cable and satellite systems (including Asia's largest teleport), and operating licences and landing rights in most major markets including Hong Kong, Japan, Korea, Taiwan, Singapore, Australia, North America and Europe. REACH is headquartered in Hong Kong, with a significant presence in Australia and substantial businesses across Asia, North America and Europe. For further information, please visit www.reach.com

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