

# Statement from the Chairman



Dear Fellow Shareholders,

Conditions in the telecommunications business globally and regionally were certainly difficult in 2003, while Hong Kong's own economic, political, competition and public health issues presented PCCW with a particularly challenging environment.

Despite this, the Company has emerged stronger and better placed to increase shareholder value.

On behalf of the Board, I wish to thank PCCW's people for their contribution to Hong Kong's fight against the effects of severe acute respiratory syndrome (SARS). Our people served the community through the Company's efforts to ease social and economic hardships – and many gave up their free time to work as volunteers.

In 2003, we were able to welcome Jack So to lead the management team. Jack's appointment adds depth to the Company's executive ranks, and the separation of the roles of Chairman and Chief Executive represents another step in the significant progress the Company has made in terms of good corporate governance.

Other corporate governance initiatives included the establishment of Board committees to oversee executive directors' remuneration and nomination of directors, under the chairmanship of non-executive directors.

It is pleasing to report that prospects for 2004 are encouraging. An economic recovery appears to be gathering pace in Hong Kong, and trading conditions have improved globally. China's economy continues its robust growth, while CEPA (Closer Economic Partnership Arrangement) promises stronger economic ties between Hong Kong and mainland China. With this in mind, the Company's presence in mainland China continues to expand.

As Chairman of the Company, I am diligently working on strategic matters, with the aim of making a significant and positive impact on shareholder value.

Sincerely,

**Richard Li**  
Chairman  
March 4, 2004