

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the Directors and management of PCCW about the business and the industry and markets in which we operate. These forward-looking statements include, without limitation, statements relating to revenues and earnings. The words "believe", "intend", "is confident", "expect", "anticipate", "project", "estimate", "predict" and similar expressions are also intended to identify forward-looking statements.

These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Consequently, actual results could differ materially from those expressed or forecast in the forward-looking statements. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include:

- increased competition in the Hong Kong telecommunications markets and the continuing negative effects from the regulatory constraints that apply to us;
- the effects of the regulatory decisions relating to broadband access services;
- our ability to secure or implement new business opportunities or anticipated projects with China Network Communications Group Corporation, or China Netcom Group;
- the risks related to loss of business with competitors of China Netcom Group;
- the risks related to the funding requirement of our development of the Cyberport project, as affected by factors such as the demand for, and pricing of, the residential units for pre-sale and sale and the overall costs and expenditures relating to the project and other obligations under the project agreement with the Hong Kong Government and the risks related to the future property development plans;
- our ability to implement our business plan as a consequence of our substantial debt;
- our ability to execute our business strategy, including our ability to enter into business combinations, strategic investments and acquisitions;
- the risks associated with REACH, our primary international connectivity services provider; and
- the risk factors set out in the "Risk Factors" section of the Company's 2003 Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on June 28, 2004 and published on the Company's website.

Reliance should not be placed on these forward-looking statements, which reflect the views of our Directors and management as at the date of this report only. We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after publication.

Exchange Rates

This report contains translations of certain Hong Kong dollar amounts into US dollars, and vice versa, at the fixed rate of US\$1 = HK\$7.80, solely for illustrative purposes. This does not mean that the currency conversions have been, or could be, converted at that rate or at any other rate of exchange.