

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”, “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;
- possible negative effects of potentially new regulatory developments;
- the risks associated with SUNDAY including intense competition in the mobile market, the funding and development of our 3G business and the limitations under the rules of The Stock Exchange of Hong Kong Limited on business dealings between two connected persons;
- increased competition in the Hong Kong pay television market;
- our ability to secure or successfully implement new business opportunities or anticipated projects with China Netcom Group;
- the risks related to loss of business with competitors of China Netcom Group;
- the risks associated with PCPD, our property development subsidiary, including the development of the Cyberport project and future property development plans;
- our ability to implement our business plan as a consequence of our substantial debt;
- our exposure to interest rate risk;
- the risks associated with the expansion of our operations outside Hong Kong;
- our ability to execute our business strategy, including our ability to enter into business combinations, strategic investments and acquisitions;
- our ability to introduce new technologies, to successfully respond to technological developments and to adapt existing technologies may be limited; and
- the other risk factors set out in the “Risk Factors” section of PCCW’s 2004 Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on May 12, 2005 and published on PCCW’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.