



PCCW
電訊盈科

2 February 2005

Union Network International
8-10 Av Reverdil
1260 Nyon
Switzerland

Attn: Mr Neil Anderson, Head of UNI Telecom

Dear Mr Anderson

I refer to your letter to our Deputy Chairman and Group Managing Director, Mr Jack So, dated 27 January 2005, in which you express concerns regarding the redundancies of certain of our staff in 2004.

As a result of difficult economic circumstances in Hong Kong, the stringent regulatory environment over the past few years and severe competition within the telecom industry here, the laying off of some of our staff last year was, unfortunately, unavoidable and purely a business decision. I can assure you that there was nothing arbitrary about this process.

As far as the conduct of proper dialogue and consultation is concerned, we do have established channels of communication with members of our staff. We discuss many issues with our Joint Staff Council representatives and through this mechanism a number of members of your affiliate participate actively in our company-wide consultation and communication process.

Thank you for expressing your concerns to us. We respect the rights of all our staff members as much as you do and we share your views that the company must always strive to provide staff with the environment to build their capabilities and add to shareholder value.

Yours sincerely

Peter Allen
Executive Director
Group Human Resources