



PCCW
電訊盈科

24 May 2006

Mr. Ha Chi Hung
Chairman
Hong Kong Telecommunication Industry Employees General Union
1/F, Flat C, Yun Kai Bldg.,
466-472 Nathan Road
Kowloon

Dear Mr. Ha,

I refer to your letter to Mr. Jack So dated 10 May 2006 with regard to bonus payments to staff of sub-contracting companies.

PCCW does not make bonus payments to staff of sub-contracting companies if such companies are not owned by PCCW. PCCW does, however, make Performance Incentive payments to sub-contractors for meeting or exceeding certain contractual and predetermined performance targets. Since these payments require certain targets to be met, not all sub-contractors receive such Performance Incentive payments.

For those sub-contracting companies which do receive Performance Incentive payments, it is entirely at the discretion of their management as to whether or how such monies are used in order to incentivise their staff to deliver excellent services to their customers, including PCCW.

As I have previously made clear to you, sub-contracting companies are independent legal entities. They tender competitively and supply services to PCCW. They manage their businesses (including staff remuneration decisions) independently from PCCW. I sincerely hope that whatever remuneration issues may be under discussion are amicably and speedily resolved between the sub-contracting companies and their staff.

Yours sincerely,

Peter Allen
Executive Director
Group Human Resources