

**Panel on Financial Affairs**

**Issues relating to change in shareholding in PCCW Limited**

**List of questions relating to issues  
under the purview of the Panel on Financial Affairs**

1. Whether and how the interests of minority shareholders and small investors are protected under the current regulatory regime in Hong Kong in the event of change in shareholdings of listed companies, as revealed in the proposed sale of the 22.66% shares in PCCW Limited (PCCW) held by Pacific Century Regional Development Limited (PCRD), a Singapore-listed company, to the Fiorlatte Limited wholly owned by Mr Francis LEUNG Pak-to;
2. As stated in the announcement issued by PCCW on 10 July 2006, the proposed special payment to be made by Pacific Century Diversified Limited to holders of public shares of PCCW is conditional, inter alia, on the formal agreement by China Network Communications Group Corporation (China Netcom) that the shares held by it will not qualify for the special payment. Is the proposed arrangement of excluding a certain shareholder (in this case China Netcom) from receiving a special payment upon a sale and purchase of shares consistent with fair practice in the financial market?
3. As there are no statutory restrictions on the sale of shares of telecommunications companies to foreign buyers, the evolution of the deal mentioned above from the initial plan for divestment of PCCW assets to potential foreign buyers to the sale of shares to a local buyer has given rise to the concern on whether there is a level playing field in Hong Kong for foreign investors;
4. It is understood that the current Telecommunications Ordinance (Cap. 106) provides for an *ex post* regulatory regime under which the parties concerned are not obliged to seek the Telecommunications Authority (TA)'s prior consent before proceeding with a proposed merger or acquisition. However, the parties concerned may seek TA's prior consent on a voluntary basis. Have the parties concerned consulted the Securities and Futures Commission on the proposed sale in question?
5. As the Fiorlatte Limited is required by the regulatory authorities in Singapore to disclose details of the deal, such as source of funding, it has given rise to the concern on whether the regulatory authorities in Hong Kong should apply the same disclosure requirements to similar cases involving Hong Kong-listed companies. In this connection, what are the disclosure requirements applicable in Singapore and Hong Kong respectively?