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## SFC Issues Statement on PCCW Takeovers Ruling

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### SFC Issues Statement on PCCW Takeovers Ruling

The SFC has today published a statement of the Takeovers Executive's ruling regarding whether certain parties were acting in concert in respect of the proposed sale of shares in PCCW Limited.

The Takeovers Code provides that, subject to confidentiality considerations, the Executive may publish its important rulings and the reasons for them so that its activities may be understood by the public. The publication of the PCCW ruling will clarify the basis and underlying reasoning for the ruling in a high profile and complex case, which the Executive believes will be of assistance in increasing public understanding of the application of the Takeovers Code.

The application for a ruling in respect of PCCW was reviewed extensively by the Takeovers Executive. Over a period of nine days this team made rigorous and numerous enquiries with each of the relevant parties to the proposed transaction. The enquiries included requests for information about the nature of any relationship (both past and present) between the relevant parties, or discussions between them and whether they had reached any understanding or agreement concerning control of PCCW. At the request of the Executive the relevant parties also provided signed confirmations, which would be actionable by the SFC if untrue, confirming the absence of any such discussion, agreement or understanding. These parties included Mr Francis Leung, Mr Li Ka Shing, China Network Communications Group Corporation, Telefónica and Pacific Century Regional Developments Ltd.

Mr Brian Ho, SFC's Executive Director of Corporate Finance, said: "Takeovers rulings often involve a consideration of complex relationships between parties to a transaction and it may be difficult for the public to appreciate the intense level of enquiry that is undertaken before decisions are made. I hope that the publication of this statement will be of assistance in clarifying the processes followed and basis for the decision taken."

The publication of the PCCW statement coincides with the SFC's publication today of a new periodic bulletin to provide guidance and interpretation on various matters relating to takeovers in Hong Kong.

The Takeovers Bulletin will contain articles of interest on a range of topical issues

relating to takeovers, mergers and share repurchases in Hong Kong as well as Practice Notes on relevant issues under the Codes on Takeovers and Mergers and Share Repurchases.

A copy of the [Executive's Statement](#) can be found under 'Takeovers & Mergers' - 'Panel and Executive Decisions / Statements' of the SFC website at [www.sfc.hk](http://www.sfc.hk). A copy of the [Takeovers Bulletin](#) can be found under 'Speeches, Publications & Consultations' – 'Publications' of the SFC website.

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