

Panel on Information Technology and Broadcasting

**Issues relating to change in shareholding in PCCW Limited and
cross-media ownership**

**List of concerns raised by members
at the special meeting held on 23 November 2006**

- (a) Whether the acquisition of 50% interest in a local newspaper, Hong Kong Economic Journal, in August 2006 by Mr Richard LI, a major shareholder of PCCW which currently holds a domestic pay television programme service licence through its wholly-owned subsidiary, PCCW Media Limited, has breached the restriction on cross-media ownership under the Broadcasting Ordinance (Cap. 562) (BO); and if so, whether investigation has been or would be conducted by the Broadcasting Authority (BA); and if not, the reasons for not conducting investigation as Mr Richard LI has reportedly been exercising control over Hong Kong Economic Journal by signing new staff-employment contracts and there seems to be prima facie evidence that Mr LI is a disqualified person as defined under BO;
- (b) in relation to (a) above, whether the result of the investigation, if conducted, will be publicized;
- (c) whether the Administration will apprise the LegCo Panel of the recommendations made by BA on PCCW Media Limited's application, if lodged, for approval of the Chief Executive in Council (CE in C) under section 3(2) of Schedule 1 to BO before the application is considered by CE in C;
- (d) in relation to (c), if such an application is made, whether the Administration will make it known to the public so that members of the public can make representations on the application for CE in C's deliberative consideration before approval is granted or otherwise;
- (e) whether the issue of "associated person" which includes, inter alia, a relative of the licensee as defined in the Telecommunications Ordinance (Cap. 106) (TO) applies to a consortium of investors comprising charitable

foundations founded by a close relative of the Chairman and a director of a carrier licensee;

- (f) whether the Telecommunications Authority has the power under the existing provisions of TO to regulate a change in relation to a carrier licensee where the change involves the acquisition of shareholding in the licensee through or by means of a charitable fund/foundation;
- (g) under the existing policy, there is no foreign ownership restriction over telecommunications licensees under TO. Referring to the present case, why the Administration did not issue any official statements to clarify its policy/stance in the wake of the issuance of press release by China Netcom, the second largest shareholder of PCCW, via Xinhua News Agency to publicize its desire that PCCW should remain in local hands, since such an unusual arrangement made by China Netcom and Xinhua News Agency might affect Hong Kong's business environment and undermine Hong Kong's international reputation for offering fair treatment to all investors irrespective of their nationalities; and
- (h) in relation to (g), whether the Administration will consider reflecting to the Central Government the concerns of Hong Kong people over such an unusual arrangement and the possible adverse consequences thereof.