

CB(1)2169/05-06(01)

**工商及科技局
通訊及科技科**

香港中環花園道
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(Fax No. 2121 0420)

31 August 2006

Miss Polly Yeung
Clerk to Panel on
Information Technology and Broadcasting
3/F, Citibank Tower
3 Garden Road
Hong Kong

Dear Miss Yeung,

**Panel on Information Technology and Broadcasting
Panel on Financial Affairs**

I refer to your letter dated 2 August 2006 attaching three questions from members and seeking our written response. Question 3 is under the ambit of our Bureau. We are pleased to respond as follows.


The Telecommunications Authority (TA) has approached Fiorlatte Limited, the party that entered into a conditional sale and purchase agreement with Pacific Century Regional Developments Limited (PCRD) for the sale of shares of PCCW Limited held by PCRD, for information with a view to facilitating his exercise of powers under section 7P of the Telecommunications Ordinance (TO). The TA is awaiting information from Fiorlatte Limited and therefore currently has no information concerning the substance of the proposal from Fiorlatte Limited.

In accordance with the Guidelines on Mergers and Acquisitions in Hong Kong Telecommunications Markets issued under section 6D(2)(aa) of the TO, where a party asks for informal advice of the

TA, the request has to be kept confidential. However, where a party applies for the consent of the TA, as described in our paper under your reference CB(1)2076/05-06(01), the TA is statutorily required to consult the carriers and other interested parties during investigation, at which point the application will become public.

As explained in our paper under your reference CB(1)2076/05-06(1), the matters to be taken into account by the TA in forming any opinion under section 7P(1) of the TO are prescribed in Schedule 2 of the TO and reproduced in Annex B to the above paper. Since those matters are not related to the statutory responsibilities of the Securities and Futures Commission, the TA would not consult the Commission when considering those matters and forming an opinion under section 7P(1) of the TO.

Yours sincerely,



(Eddie Cheung)

for Secretary for Commerce, Industry and Technology

c.c.

Secretary for Financial Services and the Treasury
(Attn: Mrs Dorothy Ma)

Fax No. 2528 3345

Director-General of Telecommunications
(Attn: Mr Bernard Hill)

Fax No. 2834 1501